



**USAID** | **KOSOVO**  
NGA POPULLI AMERIKAN  
OD AMERIČKOG NARODA

# USAID KOSOVO PRIVATE ENTERPRISE PROGRAM (KPEP)

## QUARTERLY REPORT FOR THE QUARTER ENDING MARCH 31, 2009

*USAID KOSOVO PRIVATE ENTERPRISE PROGRAM*

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**Prime Minister Hashim Thaçi addressing the opening ceremony of the first ever Kosovo Day-Tour Fair on April 22, 2009**

## EXECUTIVE SUMMARY

This is the second Quarterly Report for KPEP and covers the period 1 January through 31 March 2009. During this period the project built on the momentum of the first quarter while making a number of important adjustments in staffing and program approach. Progress in almost all areas is judged satisfactory or better and corrective action has been taken to address identified issues.

Key first quarter accomplishments included rapid start up, all deliverables (including the sector selection report) submitted on time or early, and seven specific activities completed or under way.

Operational Start-Up and Staffing	Sector Selection Report
<ul style="list-style-type: none"> <li>✓ First Expat on the Ground – within 24 hours</li> <li>✓ Office Operational one week later</li> <li>✓ All six Expat Staff on the ground – within 30 days</li> <li>✓ 65% local positions filled by permanent staff within 90 days, (with appropriate ST staff on board for vacant positions)</li> <li>✓ New office finished and occupied</li> <li>✓ Company registration completed</li> </ul>	<ul style="list-style-type: none"> <li>✓ Desk Research Started – within one week</li> <li>✓ Local Research Firm Retained</li> <li>✓ Sector Selection Team on the ground in less than 30 days</li> <li>✓ 200 interviews conducted, 65 reports analyzed, 600 companies surveyed, focus group discussions held for 5 sectors, economic analysis performed by local firm</li> <li>✓ Report Completed and Submitted on Schedule</li> </ul>
Deliverables on Schedule	STTA Interventions Started
<ul style="list-style-type: none"> <li>✓ Weekly Report – from October 6</li> <li>✓ Sector Selection Report – November 21</li> <li>✓ Sector Assessment, Strategy and Action Plan – November 21</li> <li>✓ Draft Work plan including PBMS – November 21</li> <li>✓ Revised Work plan – December 22</li> <li>✓ SAF Manual – December 22 (30 days ahead of schedule)</li> <li>✓ Quarterly Report – January 15</li> </ul>	<ul style="list-style-type: none"> <li>✓ Heavy Equipment Operators Training Needs Assessment</li> <li>✓ Premier Advisors Training</li> <li>✓ Association Development Index</li> <li>✓ Fruit and Vegetable Strategy</li> <li>✓ Stay the Weekend Tourism Intervention</li> <li>✓ Dairy Marketing Strategy</li> <li>✓ Non-Wood Forest Product Inventory</li> </ul>

In this quarter KPEP made a number of staffing adjustments to improve operational performance. A new Chief of Party (COP) arrived on 15 March. The former COP moved into the position of Competitiveness Director for Agriculture and Forestry/Wood Processing. The former Competitiveness Director for the non Ag/Forestry sectors left the project (duties assumed by the new COP) as did the Workforce Development specialist, not yet replaced. Finally, due to a change in programmatic requirements, the Business Support Service specialist will leave the project on 30 April and this position will not be filled on a full time basis. Taken together these changes have made the project leaner and have better aligned staff to programmatic priorities.

**Agriculture.** The sector strategy was honed to identify and address key constraints in the value chain.

Sub-sector Dairy. Satisfactory progress was made in all three objective areas. A dairy market strategy was completed and a dairy internship program with the University of Pristina is in

process. Technical assistance to Bylmeti to develop a store brand yogurt and a dairy technology short course are both in process.

**Sub-sector Vegetables.** Excellent progress has been made in all three objective areas. Six related activities are ongoing aimed at improving quality and finding new markets. In the beginning of the quarter, KPEP has helped the pepper and potato farmers association to conclude €530,000 of export contracts with Macedonian and Albanian buyers. KPEP is well advanced in planning measures to improve vegetable infrastructure through the establishment of collections centers. In addition work is underway to test new pepper varieties and to test white beans as a rotational crop for potatoes.

**Sub-sector Non-wood Forest Products.** Progress is good in implementing our strategy to move the sector to a new level by identifying and capturing new direct markets and increasing the volume of products that moves through organic and HACCP certified processors. We have completed a non-wood forest product inventory and action plan. Plans for penetrating new markets and five other related activities are underway which will lead to the successful penetration of new markets.

**Construction.** Construction is a transformational sector which was pre-selected by USAID for support by KPEP because of its importance to the economy.

**Sub-sector Road Construction.** Progress toward achieving the twin objectives of improving road design capability and the skills of road construction workers is deemed satisfactory. KPEP has prepared SOWs for design and tendering of road construction projects with a goal of training at least 50 professionals in road design, and implementing a train-the-trainers program to provide sustainability. A needs assessment for a heavy equipment operators training program has been completed and a heavy equipment operator survey is ongoing. A feasibility study for a heavy equipment operator training center and efforts to identify providers of training for construction workers are ongoing

**Sub-sector Construction Materials.** Progress in achieving the objective of improving architectural design and engineering services has not been as rapid as hoped. The construction law continues to be the main obstacle to KPEP being able to move forward and MTI's licensing and renewal procedures for architectural design and construction companies are considered to be non-transparent and not conducive to creating a fair and competitive environment. The objective of developing workforce skills in the improved manufacture of concrete is marginally behind schedule with delays in finding a proposed expert in concrete. A major gap remains in the lack of training of architects and engineers with specific standards.

**Forestry and Wood Products.** Our long term goal is to improve forestry management practices leading to certified forests in Kosovo. Such certified forests will increase the value and quantity of locally grown wood available for domestic wood processing. In addition, wood processors need to improve their ability to meet international standards.

**Sub-sector Forestry.** Progress against the three objectives in this sector is satisfactory. KPEP is providing support to the National Forestry Working Group and development of the national forestry strategy for FSC certification of forests. Informational meetings on FSC have been conducted, a statement of work for a consultant to facilitate the development of the working group has been developed, and a regional consultant has been identified and scheduled to begin the STTA in early May. KPEP will prepare by developing a model tendering process

based upon the forest management plan in Decani of 3500 hectares. This will be presented to the MAFRD and KFA for discussion and adoption. KPEP is developing a scope of work for a STTA to develop a model long term timber agreement consistent with the new law on public/private partnerships.

**Sub-sector Wood Products.** Four activities, one completed and three in progress are supporting the objective of developing new markets and new products of international quality standards. Efforts to improve the capacity of the Association of Wood Processors in Kosovo (AWPK) are also on track. AWPK has taken the lead in developing international standards and a committee to monitor the adoption of standards. AWPK has also emerged as a training service provider with support to membership to attend the Ligna Fair. AWPK has begun charging fees for services which in return generate income to provide sustainable services.

**ICT.** KPEP seeks to improve product development, marketing and sales capabilities, and market linkages for selected firms. Despite some delay in startup related to staff turnover, KPEP has successfully delivered a training event related to marketing and sales. Other activities contemplated in the work plan to support this objective are under review and progress in achieving desired results has not been as strong as desired.

KPEP has identified and initiated action to implement several proven training events targeted at developing key skills in the sector and progress in workforce development is satisfactory. Progress in supporting the new association is also satisfactory. A number of early support activities have been completed and several more initiatives are in progress or in the advanced planning stage. KPEP has identified two important and high visibility initiatives that will support improvements in the legal and regulatory environment and planning is well under way.

**Tourism.** KPEP has achieved considerable progress already in this sector. The Kosovo Tourism Association (KOTAS) has been identified as the project's institutional partner and has become the principal organization providing private sector leadership for the nascent tourism industry of Kosovo. In addition, two important activities have been undertaken (day tours and restaurant tours). Progress in assisting in the development of tourism products and packaged experiences and in promoting these to the international community in Kosovo has been significant. "Test tours," workshops and one-on-one mentoring were conducted during the quarter. As a result, more than 30 product offers are expected to be developed from travel industry stakeholders supported by the project. A major special event (restaurant tour) is planned for autumn to tie into the day tour offerings.

**Recycling.** Significant inroads have been made into gaining a clearer understanding of the recycling sector and identifying a role for KPEP. This will lead to a more detailed action plan to be launched in the third quarter. Some opportunities for collaboration and cooperation with other projects, donors, NGOs and municipalities have been found.

**Metal Fabrications and Auto Parts.** These sub-sectors provide few opportunities for results-oriented interventions at this time. Progress has been limited, largely due to external factors. Both sub-sectors are characterized by a large number of recently privatized firms. However, many are not operational at this time. The global economic crisis has had a serious negative effect on these sub sectors worldwide.

**Decorative Stone.** KPEP has developed a greater understanding of the procedures and steps that a quarry needs to undertake in order to attract FDI. Due to the significant constraints

facing the sector and more promising opportunities in other transactional sectors, planned activities for decorative stones have been largely postponed.

**Business Support Services.** Sector specific activities were undertaken in tourism and wood processing. During the quarter KPEP made important strides at establishing its role in assisting the development of the business service provider sector in Kosovo. Key activities were undertaken to target different segments of the sector (“management consulting” vs. technical consulting) and have had solid, identifiable successes.

The Association Development Index, a compendium of eight elements needed for an effective association, was administered in January by a local consultant. A “communications gap” between associations and their stakeholders, especially their members, was identified in the results of the Association Development Index, as well as during the overall project assessment in the first quarter. KPEP’s focus on the objective in the second quarter was in two limited areas: (1) satisfying a project baseline need by administering the Association Development Index for the project baseline and (2) because trade fairs are a popular marketing tool, establishing guidelines and support related to trade fair participation.

KPEP has successfully identified and linked a number of local service providers to ongoing sector specific work.

**Business Enabling Environment.** Sector specific activities focused on agriculture, construction, forestry/wood products, and recycling. With respect to cross cutting initiatives, the focus is on the overall environment, trade, and investment.

KPEP updated the 2007 Commercial Legal Institutional Reform (CLIR) Kosovo Indicators. Though the purpose of rescoring the indicators was largely to establish a baseline for marking progress against the objectives, this analysis of the reform environment has been instrumental in identifying gaps in the legal framework and in the way laws are implemented.

KPEP’s activities in the trade area remain, for the moment, sector specific and reactive to particular emergent needs (see sector-specific activities for Agriculture and Forestry), but we plan in the present year to expand our role.

On FDI, the focus this quarter has been to identify and prepare firms that may be attractive to investors. KPEP has identified the Economic Initiative for Kosovo (ECIKS), which is based in Vienna and partially funded by the Austrian government, as a capable partner, with whom it proposes to undertake investment attraction initiatives. KPEP’s FDI plan includes a seminar on FDI, to educate firms on what all is involved when dealing with an investor, and to train a number of consultants on how to conduct due diligence and compile investment briefs.

**Work Force Development.** Following extended planning activities in the first quarter of the project, KPEP now intends to pursue both immediate activities, and longer-term, system building priorities. The current staff of the KPEP WfD Component was hired and began work in early March 2009. The Work Plan was vetted by the KPEP leadership and was approved in late March by USAID. The WfD team supported training activities in the agriculture, wood products, and construction sectors. Because of delays in start up, progress in all three objective areas has been delayed. We anticipate that this component will be back on track in the next quarter.

**Operations.**

PBMS. During this quarter, the final PBMS manual was submitted to USAID. The baseline and targets are set for (almost) all indicators for the LOP. Except indicators previously agreed with USAID, KPEP added two additional indicators on SO level: Indicator 3: Value of sales, by sector - Kosovo-wide, and Indicator 4: Number of people employed, by sector - Kosovo-wide. During this quarter, data has been collected from 36 companies in three sectors (Agriculture, Construction, Forestry and Wood processing). Given the world wide economic slowdown, the lower numbers posted for sales and jobs are to be expected.

SAF. KPEP sent its draft SAF manual to USAID for approval on December 22, 2008. After revisions to the draft based on USAID comments, KPEP received approval for the manual on March 3, 2009. KPEP sent the Annual Program Statement (APS) to USAID and received approval, with comments for changes which were accepted by KPEP, on April 8 date.

As a result of initial outreach efforts, from project start up through the end of this reporting period, KPEP received 43 concept papers; 33 in response to a call for concept papers for the Kosovo Premier Advisors training event organized by KPEP, and 10 unsolicited concept papers. From these 10, four were approved, one is in the process of review, and five were rejected. Of the four awarded concept proposals, two were developed into Fixed Price Subcontracts, and two into Grants. The total award amount disbursed for this period is €33,878 (\$45,171).

Communications. After an initial stakeholder meeting in Pristina in December to introduce KPEP to a wider audience, KPEP continued its outreach initiative with a series of presentations in Peja, Ferizaj, Mitrovica, Gjilan, Gjakova, and Prizren. In total, more than 500 stakeholders heard about KPEP and its proposed activities during this two week outreach effort. KPEP met many new stakeholders and learned about opportunities and challenges for business in the different regions of Kosovo. In preparation for the outreach meetings and as a communications and education tool for its stakeholders, KPEP developed a series of “fact sheets” about the sectors and components that KPEP plans to engage in. These fact sheets were also posted on the KPEP website, [www.usaidkpep.org](http://www.usaidkpep.org). The website is also a primary communications tool for information about the KPEP Strategic Activities Fund (SAF), which over the life of the project will disburse close to \$4 million. KPEP has made available on its website general information about the grant fund and how to access it, and posts requests for proposals and information about awards on the website.



## I. COMPONENT 1: INCREASED COMPETITIVENESS OF KEY SECTORS

### A. TRANSFORMATIONAL SECTORS

#### 1. SECTOR: AGRICULTURE

The overall strategy for the Agriculture Sector is to develop commercial agriculture and penetrate regional markets in the targeted value chains of dairy, vegetables, and non-wood forest products. The poultry sector is being monitored closely to determine whether the lead firm, Koni-Soni, intends to undertake new investments and seek market expansion in the current economy. Small, soft fruit, primarily raspberries share the value chain of non-wood forest products and consequently KPEP is working with processors to increase their sales and cultivation.

During the second quarter of the reporting year, we honed the sector strategy to identify constraints within the value chains that prevent Kosovo from meeting end-market demand. In dairy the issue is improving quality whereas in the vegetable sector the constraint is infrastructure, which is part of the commercialization of agriculture. In the non-wood forest product sector the strategy is to bring lead firms together to improve international market access as a value chain rather than as individual firms.

##### 1.1. SUB-SECTOR: DAIRY

**Sub-sector Strategy:** The priority within the Year One sector strategy was modified away from a dairy sector seal of quality program, which had been aimed at increasing consumption and gaining domestic market share. Instead the strategy calls for targeting raw milk quality and developing selected interventions at processing plants. In the previous reporting period it was noted that the dairy sector needs to develop business service providers who can work as consultants with dairy processors, associations, and producers. This has also been incorporated into the strategy by pairing local consultants with international consultants with support from the Business Support Services component and through internships with support from the Workforce Development component.

#### Objective 1: Improve raw milk quality

**Anticipated Results:** The dairy processors in Kosovo are relatively immature; all but one business in the sub-sector has been founded since 2000. The initial focus of the industry was on increasing market share rather than on the quality of the supply. However, poor raw milk quality hurt their relationship with consumers and as the dairy market strategy pointed out, “consumers have a long memory.” Conventional statistics indicate that 10% of the suppliers of raw milk cause 90% of the contamination. By embedding milk quality field technicians with dairy processors, something that is currently not done, milk quality problems can be identified, corrective action taken, and the value chain relationship between producer and processor can be strengthened. The results will be increased domestic market share, thereby increasing sales and employment as dairy processors see the value in field services.

**Progress:** KPEP laid significant ground work for meeting this objective during the reporting period (See activities below).

**Activity 1: Prepare dairy marketing strategy (completed)**

The strategy is based upon a 2008 USAID-funded market research report that concluded that the quality of raw milk must be addressed immediately or the Kosovo dairy sector will continue to lose market share to Slovenia- and Croatia-sourced dairy products. There are two issues, short term and long term, where KPEP is intervening. First, in the short term, KPEP will work closely with retail chains to develop store brands. This is being undertaken through an agreement between Bylmeti Dairy and ETC hypermarkets. Bylmeti will produce 2 million liters of yogurt to be packaged and sold under the ETC brand. Meanwhile, KPEP will continue to identify firm-level competitive opportunities and work to create further linkages. Secondly, in the long term KPEP will develop a school dairy nutrition education program. The initial development of the program will begin in the next quarter, with implementation in the last quarter of the reporting year.

**Activity 2: Initiate dairy internship program with the University of Pristina (ongoing)**

An agreement was reached between five dairy processors and the veterinary faculty of the University of Pristina to implement the internship. Training of the interns is anticipated for April, with placement taking place in late April or early May. To date the process of selecting interns has been completed by the KPEP Workforce Development component. In addition, a letter of agreement outlining the roles of the university faculty and KPEP has been issued, an “Internship Tips” document has been developed, and a Request for Proposal (RFP) for a consultant to manage the program has been written.

**Activities for the coming quarter:** Activities will include the training of veterinary faculty interns and local consultants to serve as milk quality field technicians and the placement of the interns into dairy processing facilities. Training will include monitoring and on the job instruction by a local consultant.

**Objective 2: Improve product quality, formulation, and processes**

**Anticipated Results:** The dairy marketing strategy recommended the development of store brands in the dairy category as a means of gaining domestic market share. In addition, new formulations of dairy products and processes can lead to a more desirable product for consumers. The dairy technology short course along with technical assistance at the lead firm level will result in a more competitive dairy sector leading to sales and jobs. The increase in sales of the ETC store brand will be evident once the product is rolled out. Currently Bylmeti Dairy is procuring a new yogurt filling machine to replace their hand filling system. Bylmeti will increase its production to 2 million liters of yogurt annually, which has the potential to increase sales to 1.6 million Euros.

**Progress:** In the ETC-Bylmeti deal, KPEP has undertaken a valuable demonstration. This important work just began during the reporting quarter.

**Activity 1: Provide technical assistance to Bylmeti to develop a yogurt product for ETC (ongoing)**

The consultant is identified and prepared to mobilize.

**Activity 2: Develop dairy technology short course (ongoing)**

KPEP has identified both a facility for training and a trainer. The short course, targeted for current dairy technologists at dairy plants and students, is proposed to be held at the agricultural vocational school in Lipjan. The school, funded by the government of Norway, has an excellent dairy processing teaching plant. The course will be conducted at the end of June.

**Activities for the coming quarter:** KPEP will conduct the dairy technology short course in late June at the vocational agricultural school in Lipjan. The STTA will work with ETC and Bylmeti to developing a store brand yogurt for ETC, manufactured by Bylmeti.

**Objective 3: Improve packaging**

**Anticipated Results:** The dairy marketing strategy pointed out that the quality of the product includes packaging. Kosovo dairy processors are behind the competition in packaging, design and innovation. One of the constraints is the cost of importing packaging. An alternative is to produce dairy and food packaging in Kosovo in order to not only serve the domestic market but also become a player in the region. KPEP would position the investment opportunity as a solid FDI initiative.

**Activity 1:** Develop a statement of work for a dairy/food packaging production investment feasibility study (ongoing).

**Objective 4: Respond to requests from local clients to meet specific needs aimed at achieving significant and tangible results.**

**Anticipated Results:** Clients assisted by KPEP will improve their quality and increase their sales, jobs and/or investment.

**Progress:** Based on strong relationships developed in the early months of the project, KPEP is increasingly being asked to assist with client issues. As a result, we expect to show significant results in this objective in coming reporting periods.

**Activity 1: Develop dairy product specifications for Ministry of Agriculture, Forestry and Rural Development (MAFRD) (ongoing)**

MAFRD has approached KPEP to provide assistance in developing dairy product specifications. Specifications refer to the compositional and physical parameter requirements used for defining common national standards of identity. Dairy products are being imported and produced domestically that do not meet these standards. For example, soft white cheese (djath) needs to have a minimum amount of milk fat to be legally called djath. Yet some djath being sold contains almost no milk fat. KPEP has developed a statement of work and is recruiting a consultant familiar with European dairy product specifications.

**Activity 2: Conduct training in food safety (cancelled)**

A request was initially made by KVFA as part of their training to initiate their new role under the Prime Minister's office in food inspection and enforcement. The European Commission

has a new project, as of January 2009, which will provide this training and reorganization assistance to KVFA.

**Activities for the coming quarter:** KPEP will assist the dairy processors and milk producers associations (KADP and KAMP) to develop a concept for milk promotion on World Dairy Day, June 1, which can be submitted to the Strategic Activities Fund ISAF). An STTA will work with the Ministry of Agriculture, Forestry, and Rural Development to develop specifications for dairy product classification.

## **1.2. SUB-SECTOR: VEGETABLES**

**Sub-sector Strategy:** The vegetable sector development strategy focuses on infrastructure development and penetrating regional markets. These two elements of the strategy are critically linked as it is difficult to penetrate regional markets successfully unless a local and regional infrastructure is in place. Infrastructure refers to the physical capacity to add value to vegetable products by assembly, sorting, grading, packing, and storing. However, infrastructure also includes understanding and improving the relationship between the producers, traders, and end-market customers. During the previous reporting quarter, the process of identifying potential regional markets began, and discussions with a vegetable processing lead firm, Etlinger, were undertaken to identify assistance KPEP can provide to remove constraints in the firm's bid to market in Kosovo and the region.

### **Objective 1: Penetrate regional markets for peppers and potatoes**

**Anticipated Results:** The fruit and vegetable audit identified peppers (sweet and hot) and potatoes as the value chains that hold the most promise for Kosovo. To date, marketing efforts have been from producer to trader without information as to what the end market customer wants, and how the producer can better meet this demand. Kosovo has an excellent reputation for producing these products, but to be more competitive, producer groups and processors need to develop new markets.

**Progress:** During the reporting quarter, some excellent early results were achieved in sales of potatoes to Macedonia and Albania. (See details below.)

#### **Activity 1: Identify potential buyers of vegetables in Albania, Macedonia and Montenegro (ongoing)**

The KPEP marketing team developed contacts in Albania and Macedonia for sales of peppers and potatoes. The Macedonia contacts resulted in sales of 300 MT, valued at 36,000 Euros. The contact in Macedonia and Albania resulted in a sales agreement between vegetable processors and the Perdrini Association for 1,650 MT.

#### **Activity 2: Assist the Perdrini Association to develop a memorandum of understanding (MOU) to be signed by members of the Association to commit to supply the volume and quality of peppers to be delivered to the Macedonia and Albania markets (completed)**

75 farmers have committed to the MOU.

**Activity 3: Provide training to Perdrini Association agronomists to monitor peppers for quality control and yield (ongoing)**

KPEP will provide training in estimating yields and monitoring peppers for plant nutrient deficiency and disease symptoms.

**Activity 4: Continue to identify new markets for peppers and potatoes (ongoing)**

The market for these crops is heavily dependent upon seasonal demand and supply. KPEP will work with producers and traders to move Kosovo's peppers and potatoes into market gaps.

**Activity 5: Provide Hazard Analysis and Critical Control Points (HACCP) design assistance to Etlinger processing facility (ongoing)**

The Etlinger Company purchased a partially constructed facility for processing vegetables. 50% of production is destined for German-speaking areas of Europe, and as a result, the facility will need to be HACCP compliant. KPEP will engage a local consultant to ensure that as construction proceeds, the facility meets HACCP requirements.

**Activity 6: Conduct vegetable pre-harvest conference in early June (ongoing)**

A draft agenda has been developed, speakers contacted, and an appropriate location is being identified. The invitees will include producers, traders, and retailers. The conference will increase communication between the market and producers to generate greater sales.

**Activities for the coming quarter:** KPEP will continue to identify new markets for potatoes and peppers. The project will conduct a vegetable market conference in early June. We will complete the HACCP design assistance to Etlinger and provide assistance for certification.

**Objective 2: Develop vegetable infrastructure through collection centers.**

**Anticipated Results:** A lack of infrastructure seriously impacts Kosovo's competitiveness in the vegetables sub-sector. Without the ability to assemble and add value, the resulting high transaction costs are driving traders to procure vegetables in Macedonia and Serbia. Collection centers provide an opportunity to produce to end-market demand by adding value with sorting, grading, packing, and storage. Collection centers can result in increased sales and employment and are an investment opportunity.

**Progress:** KPEP has engaged a short-term consultant who will develop a business model for collections centers, which will include financial projections. Traders and producers understand the value of collection centers in lowering transaction costs. However, there is little information regarding investment and operational costs. The consultant will demonstrate the return on investment that can be achieved.

**Activity 1: Develop a business model and investment profile of collection centers (ongoing)**

The statement of work is prepared, consultant is identified, and the assignment is scheduled for June, 2009.

**Activity 2: Study tour of vegetable collection centers to Macedonia and Albania (ongoing)****Activity 3: Promote vegetable collection centers as an investment opportunity (planned)**

**Activities for the coming quarter:** During the next quarter, KPEP's STTA will research and prepare a model on vegetable collection centers business models and investment opportunity. A study tour is planned to show potential investors examples of successful vegetable collection centers in Macedonia and Albania.

**Objective 3: Introduce improved vegetable varieties through field trials**

**Anticipated Results:** As market opportunities develop, farmers need to produce the varieties of vegetables that the market is seeking. New, improved varieties, as opposed to using the seed from the previous year, have higher yields and are more pest and disease resistant. Improving vegetable varieties will increase net income per hectare and provide more options by creating greater yields and increasing market opportunities. For example, KPEP identified white beans as a crop where Kosovo can be highly competitive, as current regional demand far exceeds supply. Estimates are that utilizing white beans as a rotational crop for potatoes could increase net income per hectare by 1,800 Euros in comparison to the traditional rotational crops, wheat and corn.

**Progress:** Activities toward achieving this objective have begun and show reason for optimism for achieving the objective. Already, KPEP and the Perdrini Association have agreed that Perdrini will conduct trials on nine new varieties of peppers. White bean trials, which will benefit the potato growers as a high value rotational crop, will be conducted by a local, independent consultant. All trials will include a farmer field day to encourage farmer-to-farmer technology dissemination.

**Activity 1: Conduct pepper variety trials and field days (ongoing)**

Perdrini Association agronomists have acquired seed, started seedlings and located venues for the trials.

**Activity 2: Conduct white bean trials and field days (ongoing)**

An RFP has been prepared and published to identify a local consultant to manage this activity. There will be three locations, with Pestova already identified as one.

**Activities for the coming quarter:** As the planting season continues, KPEP and its clients will execute the vegetable improved variety field trials.

**1.3. SUB-SECTOR: NON-WOOD FOREST PRODUCTS**

**Sub-sector Strategy:** The non-wood forest product sector (NWFP) has been able to add value by grading, freezing, drying, cutting, and storing. Our strategy is to move the sector to a new level by identifying and capturing new direct markets and increasing the volume of products that moves through organic and HACCP certified processors. In order to accomplish

this goal, the lead sector firms, the generators of growth, must work together in developing market channels. The lead firms will be responsible for assuring that end market, customer demand, information moves along the value chain to collectors and farmers.

**Objective 1: Identify new markets for non-wood forest products (NWFP)**

**Anticipated Results:** NWFP is a seasonal product. The first mushrooms will be harvested in the next quarter and the initial market will be for fresh mushrooms. NWFP should perform very well despite the economic climate.

**Progress:** Previously non-wood forest products were sold in bulk to buyers in Serbia who added value and moved them to markets in Europe. New markets for direct sales in Germany and Italy have been identified. The demands of these EU markets are for products that have been harvested using good agricultural practices (GAP) and handled by processors who are HACCP certified. There is also a higher price point available for products that are certified as organic. KPEP will attend a Regional Competitiveness Initiative (RCI) meeting and subsequent market trainings in Belgrade to coordinate with USAID projects from Serbia and Macedonia.

**Activity 1: Develop a non-wood forest product inventory and action plan development for penetrating new markets (completed)**

A KPEP STTA completed his assignment and presented 16 recommendations for the sector. A local consultant was engaged to secure a commitment from lead firms and work with them to address the recommendations.

**Activity 2: Conduct study tours Bulgaria and Serbia (ongoing)**

The study tour action plan to Bulgaria has been developed and will be executed under a local subcontract in late May. The Serbia study tour will be conducted later in order to coincide with the raspberry harvest.

**Activity 3: Conduct a pre-harvest conference (ongoing)**

The pre-harvest conference will be conducted in late June and executed under a subcontract. A RFP to identify a local consulting firm to manage this activity has been issued.

**Activity 4: Develop a Good Agricultural Practices (GAP) manual and train collectors on its use (ongoing)**

The manual will be executed under a subcontract and will be available for distribution at the pre-harvest conference. A RFP to identify a local consulting firm to manage this activity has been issued.

**Activity 5: Audit for HACCP and organic certification (ongoing)**

A subcontract will be issued to conduct the audit and make recommendations to lead firms concerning actions the firms must take to gain certification. A RFP to identify a local consulting firm to manage this activity has been issued.

**Activities for the coming quarter:** Key activities in the next period will be to conduct a best practices marketing study tour to Bulgaria; conduct HACCP and organic audits and develop

action plans for lead firms; prepare collectors manual of good agricultural practices; and conduct the pre-harvest conference in late June.

## **2. SECTOR: CONSTRUCTION**

Construction is a transformational sector which was preselected by USAID for support by KPEP because of its importance to the economy and the work done in this sector in the past. KPEP's overall strategy is to build on the successes of the previous project, KCBS, and to take the sector to the next level.

### **2.1. SUB-SECTOR: ROAD CONSTRUCTION**

**Sub-sector Strategy:** KPEP's goal for the road construction industry is to develop a sustainable, professional design, procurement, and execution capability in Kosovo. This will ensure that future roads are designed in accordance with best practices, and that the best contractors are given the chance to bid for work on a level playing field. Also, it will ensure that contractors develop skills that ensure projects are completed safely and in accordance with contract specifications.

#### **Objective 1: Improve local road design capability**

**Anticipated Results:** Activities under this objective are designed to build capacity in the Government of Kosovo (GOK) to review designs and ensure compliance, as well as to work towards increasing the percentage of the Kosovar road design budget on work produced by Kosovar engineers. To this end, KPEP has prepared SOWs for design and tendering of road construction projects with a goal of training at least 50 professionals in road design, and implementing a train-the-trainers program to provide sustainability. In addition, KPEP estimates that the successful implementation of the road design training activity will generate sales of 3 million Euros and increase new jobs to up to 20 per year.

#### **Activity 1: Provide liaison with Government of Kosovo on the need to specify investments according to international standards (ongoing)**

KPEP has been in ongoing communication with the relevant authorities, in particular the Ministry of Transport, to stress this very important issue. The Ministry has commented that it is aware of the shortcomings in this area, and has stated that there is no local expert or company in Kosovo capable of designing, reviewing, or monitoring road design. They have communicated their willingness and interest to fully cooperate with KPEP.

#### **Activity 2: Conduct road design training needs assessment (ongoing)**

An expert from Slovenia has been identified to assess training needs, make recommendations for training and a sustainable training facility, and identify roads for a pilot design project. The assignment will take place in May. The Ministry for Transportation has made a firm commitment to KPEP to support this initiative, which includes one to three pilot road construction projects. KPEP worked with the MTC, the Road Construction Association of Kosovo (RCAK) and civil engineers to identify local engineers who can serve as trainers. During this quarter, the MCT announced 6 tenders for a design contest, in which 80% of the bidders were from outside of Kosovo.



**Activities for the coming quarter:** In addition to implementing the road design SOW, other activities will include: develop training plan, identify training providers, develop implementation schedule (for workers, heavy equipment operators, crew supervisors, etc.), and conduct training together with RCAK. Additionally, a feasibility of a training facility will be completed and evaluated.

## **Objective 2: Upgrade the skills of construction workers**

**Anticipated Results:** Kosovo's construction workforce is neither trained nor skilled. No training or apprenticeships exist and management and supervisory staff do not have the expertise to organize proper road construction. In this past quarter KPEP estimates that Kosovar companies have hired between 50–100 workers from outside Kosovo, because local expertise is not available. In order to provide better employment opportunities for local labor, KPEP, together with RCAK, will develop training programs to upgrade the skills of the construction workforce. The anticipated result for Year One is to train over 80 construction workers.

**Progress:** KPEP has laid important groundwork for successfully achieving this objective.

### **Activity 1: Conduct needs assessment for heavy equipment operators training program (completed)**

### **Activity 2: Conduct heavy equipment operator survey (ongoing)**

KPEP subcontracted with Index Kosova, a survey of 120 companies that employ heavy equipment operators (approximately 400), to assess their skill level and to identify training needs. The survey, which also includes a heavy equipment machinery assessment of over 1,500 machines, is scheduled to be completed in May.

### **Activity 3: Determine feasibility and support for Heavy Equipment Operator Training Center (ongoing)**

KPEP has been polling government authorities, the private sector and RCAK on their interest and level of support for the establishment of such a center. KPEP is working on funding options and on identifying an investor. RCAK has committed to contributing up to 120,000 Euros to the building of the center. MTC has indicated that it is willing to finance the bulk of the construction and operations. It is expected that the training center will certify over 80 heavy equipment operators. The building construction and its operation will provide additional opportunities for construction firm and workers.

### **Activity 4: Identify providers of training for construction workers, including laborers, heavy equipment operators, and crew supervisors (ongoing)**

This activity will be incorporated into the next quarter's work, following the completion of the survey. A likely training provider is the NAHETS, the National Heavy Equipment Training School, based in the U.S., a representative of which implemented the heavy equipment operator training needs assessment in December '08.

**Activities for the coming quarter:** In the coming period, KPEP will develop a plan for implementing training programs covering road construction manpower: laborers, heavy equipment operators, crew supervisors, safety supervisors, inspectors and site managers. Study Tour for RCAK and Ministry of Transportation to view such a training center in operation is planned for either the U.S. or a European country. Because the latter activity is not in the original work plan, project management will review a specific proposal for and decide on its merits.

## **2.2. SUB-SECTOR: CONSTRUCTION MATERIALS**

**Sub-sector Strategy:** KPEP's strategy for the construction materials sector is to develop a more efficient concrete production industry through training and the wide and general application of European Union, EN standards in its production and placement. Concrete is the dominant construction material, and improvements in this sub-sector will have a multiplier effect in the installation of other building materials. At the same time, KPEP will improve awareness and capability in the architectural design companies through a training program in which the availability and suitability of locally made materials will be stressed.

### **Objective 1: Improve architectural design and engineering services**

**Anticipated Results:** Kosovo has a lack of architectural design capability. KPEP is planning to address this deficiency through supporting changes in legislation and through the training and certification of architects and students, awareness building with insurance firms and banks about architectural services for evaluation and appraisal, and other activities. One of our desired results is an increase in the use of local building materials.

**Progress:** KPEP is behind schedule in its work in some aspects of meeting this objective. (See details below.)

#### **Activity 1: Consider changes to legislation necessary to regulate services provided by architects and engineers, and recommend improvements (ongoing)**

The Kosovo Construction Law continues to be the main obstacle to KPEP being able to move forward on this issue. KPEP drafted a letter to MESP recommending involving the private sector in the review process of the construction legislation prior to approval. Another obstacle related to this proposed activity, which required KPEP intervention, was MTI's licensing and renewal procedures for architectural design and construction companies, which many companies consider to be non-transparent and not conducive to creating a fair and competitive environment. KPEP analyzed the new regulation 2009/03 and recommended that MTI officials address concerns raised by the private sector. There has not been a response by MTI on this matter. MESP verbally expressed its willingness to cooperate with KPEP on licensing and certification and the construction law and named two coordinators to liaise with KPEP.

#### **Activity 2: Prepare a training and certification SOW to improve design and engineering services and contract for STTAs services (ongoing, ahead of schedule)**

KPEP has met with several companies and architects to define the appropriate SOW.

**Activity 3: Agree on Training Center premises; prepare budget for the program (ongoing)**

KPEP was informed by the architects association that their intent is not to build a training centre but to rent or use existing facilities.

**Activity 4: Build awareness with local insurance firms and banks (ongoing)**

During its meetings with banks and insurance companies, KPEP consistently highlights the added value of architectural design services for appraisals, evaluations, damage survey and so on. Two local banks, RBKO and ProCredit, hired four architects as full-time workers with responsibility for appraisals. We also worked with architectural design and construction companies to establish trade linkages with local producers of construction materials.

*Activities for the coming quarter:* These include: identify and deploy an STTA for developing training and certification programs to improve design and engineering services; develop the training and certification programs; engage local trainers. These will be undertaken together with AAK and MESP.

**Objective 2: Develop workforce skills in the improved manufacture of concrete**

*Anticipated Results:* Responding to the lack of skilled workers in the concrete sector, KPEP proposes to undertake training programs for concrete plant staff. The desired outcome of this activity is the training of at least 40 individuals, including concrete workers, inspectors, plant operators, and students, and the establishment of a training facility.

*Progress:* While some progress has been made, most activities are scheduled for the third and fourth quarters of 2009.

**Activity 1: Develop training programs for concrete plant operations, maintenance and supervisory personnel, and contract for his/her services (ongoing)**

The SOW was prepared and has been shared with KPEP subcontractor CHF. CHF has proposed an expert for this assignment. KPEP is in the process of vetting the candidate. Assignment is planned for May, 2009.

**Activity 2: Ensure EN standards for concrete are being incorporated in building specifications (ongoing)**

KPEP has been working closely with KSA. However, the major gap remains the lack of training of architects and engineers who specify standards. KPEP, in cooperation with KACP, is considering bringing in an STTA with structural expertise. The KPEP construction specialist has been invited to be a member of the working group on concrete structures, which will be formed in the coming quarter.

**Activity 3: Develop training programs, engage trainers, and deliver training (planned for Q4)****Activity 4: Implement certification and licensing program (planned for Q4)**

**Activities for the coming quarter:** These include: establish the training center: to be part of an existing center; continue to work with the KSA to ensure EN Standards for concrete are being incorporated.

**The following Construction Sector activities were implemented during the quarter and not included in the Year 1 Work Plan:**

#### **Activity 1: Sales**

KPEP facilitated sales of up to 25,000 Euros for wood products and over 1 million Euros for concrete.

#### **Activity 2: Import Substitution**

KPEP is aware that many construction firms use primarily imported products. According to industry estimate, over the next four years in Pristina alone, more than 500,000 m<sup>2</sup> of residential buildings (excluding a large 42 floor building) will be built, at an estimated cost of 400 million Euros, using at least 60% imported products. The Architects Association plans to promote local products through a business to business effort, including architectural design and engineering services to construction companies with a focus on the use of local construction materials. Architectural design and construction companies are seen by KPEP as promoters for locally produced products.

#### **Activity 3: Bank Loans**

Due to the global financial crisis and low deposits in Kosovo this year, lending will be more conservative and loan amounts will be lower for all types of businesses. In response, Raiffeisen Bank Kosovo launched a leasing product while Procredit launched an Eko Loan facility. KPEP successfully assisted the construction firm Eurokos with a loan application. KPEP also discussed with its clients another option to raise money that is to identify international investors or partners.

#### **Activity 4: Steel Mesh Import Duties**

The steel mesh producer FAN requested assistance from KPEP to remove a 10% tax duty for cold rolled steel, which serves as a raw material for steel mesh and truss girders production. The lifting of the duty could lead to an additional 2 million Euros in exports, and 1.5 million Euros in import substitution resulting in a 100% coverage of the local market by local producers, an additional 20 full time workers and 35 part time workers, and with an indirect impact on truck drivers, who load/unload the raw materials and finished products.

### **3. SECTOR: FORESTRY AND WOOD PRODUCTS**

Our long term goal is to improve forestry management practices leading to certified forests in Kosovo. Such certified forests will increase the value and quantity of locally grown wood available for domestic wood processing. In addition, wood processors need to improve their ability to meet international standards. By doing so, they have the potential to displace imports and penetrate export markets. The project will address improved forest management

through forest certification and a long term pilot leasing agreement via a public/private partnership, which includes a transparent tendering process.

### 3.1. SUB-SECTOR: FORESTRY

**Sub-sector Strategy:** As forest certification presents the greatest opportunity for Kosovo, poor management and illegal logging present the greatest threats. The lead issue in forestry will be certification through the Forest Stewardship Council (FSC). The initial step will be to form a FSC working group, which will register as an association. The working group will coordinate Kosovo qualification for certifying forests with the FSC governing body in Vienna. Closely related to FSC but not necessarily an integral part is the effort to develop a public/private partnership pilot long-term forest leasing program. The lease will pilot a transparent tendering process and outline logging rights and responsibilities.

#### Objective 1: Improve forestry management practices

**Anticipated Results:** Attaining certification is critical for the forestry/wood sector in Kosovo. There has been a sharp increase in worldwide markets that are closed to non-certified wood and wood products. Kosovo has also seen greater difficulty in importing certified primary wood from Croatia and Bosnia as those countries seek to add value domestically. Certified wood will generate a minimum of 20% increase over the price of primary wood and, as value is added, the price increases for certification also increase. Certification will also impose management practices that will lead to sustainable forests and position Kosovo to harvest far more than the current 20% of potential annual harvest.

**Progress:** Forest management is being addressed through two policy initiatives. First, it is addressed through a forest management legislation committee supported by Food & Agriculture Organization (FAO) in which KPEP participates to review and comment on the law for forests. Second, and more importantly, KPEP is taking the leadership role in forest certification. Activities related to achieving this objective of improving forestry management practices will be implemented in Year Two. The forest management specialist began as a full-time employee in February, so some delay was experienced.

#### Activity 1: Provide support to the National Forestry Working Group and development of the national forestry strategy for FSC certification of forests (ongoing)

Informational meetings on FSC have been conducted, a statement of work for a consultant to facilitate the development of the working group has been developed, and a regional consultant has been identified and scheduled to begin the STTA in early May.

#### Activity 2: Provide technical assistance and training to MAFRD and KFA in auditing forest management plans and compliance with FSC certification (ongoing)

**Activities for the upcoming quarter:** These include forest certification, foundation meeting for the FSC working group and registration of the legal entity as an association.

#### Objective 2: Improve the forest tendering process for public land logging

**Anticipated Results:** The tendering process needs to be transparent and of sufficient length to provide logging companies with incentives to invest in good forest management practices in order to maximize yield. Transparent processes will also encourage new investments as new logging companies emerge to operate with efficiencies and quality management. On a pilot basis, using forest management plans developed by the Norwegian Forest Group (NFG), a public/private partnership, will be developed. This will adhere to transparent tendering and outline the responsibilities of the public and private partners.

**Progress:** The Law on Public-Private Partnerships (PPP) has been submitted to the Kosovo Assembly for vote. Rumors are circulating that it will be withdrawn as some parts of the law need to be refined. However, it is widely expected that the law will be passed. The first priority for a public/private partnership would be the airport in Pristina. Creating a transparent tendering process that provides an effective means of managing forests is likely to be another high priority. KPEP will prepare by developing a model tendering process based upon the forest management plan in Decani of 3500 hectares. This will be presented to the MAFRD and KFA for discussion and adoption.

### **Activity 1: Design a pilot forest tendering process (ongoing)**

KPEP is developing a statement of work for STTA. The pilot forest tendering process reverts back to the law on public/private partnerships. The current tendering process is not transparent and is open to corruption which has led to illegal logging. Developing a process that is based upon fair and open competition will lead to improved forest management.

### **Activity 2: Develop a model long-term timber agreement consistent with the new law on public/private partnerships (ongoing)**

KPEP is developing a statement of work for STTA. This is a model contractual agreement that assures the government is fairly compensated and maintains control over logging activity while the private sector can harvest wood sustainably and profitably. The NFG forest management plan for the Decani forest estimates a net income of 50 Euros per hectare per year.

**Activities for the upcoming quarter:** These include development of a public/private partnership statement of work on tendering and forest management.

### **Objective 3: Undertake a biomass study to identify opportunities (planned)**

**Anticipated Results:** Biomass represents an opportunity for renewable energy within Kosovo's vast forests and increased yield from wood harvesting systems. However, the feasibility of a commercial biomass project needs to be studied. If the results are positive, it could be a promising FDI opportunity. A well managed forest will yield a certain level of waste product, biomass which can be used as fuel for energy systems. Little work has been done on this subject but it has potential as an additional income generator from Kosovo's forests.

**Progress:** KPEP plans to conduct the biomass feasibility study in July.

### 3.2. SUB-SECTOR: WOOD PRODUCTS

**Sub-sector Strategy:** The Wood Processing sub-sector needs to improve its capacity to meet international standards. By designing and processing at an internationally competitive level, wood processing can displace imports on the domestic market and create opportunities in the export market. The three key areas in wood processing are design/product diversity, production, and marketing and our targeted STTA will address these competitive elements. In addition, the Association of Wood Processors of Kosovo (AWPK) will take a leadership role in sustaining services to their membership. This is a sector that needs to be market driven by understanding the end market demands and producing quality products to be competitive.

#### **Objective 1: Developing new markets and new driven products of international quality standards**

**Anticipated Results:** Kosovo wood processors are using designs that are outdated and not competitive. With the exception of bunk beds, the processors have remained with a traditional product line and have not taken advantage of opportunities in partially processed products such as furniture stock elements. Understanding design and product demand and continuously monitoring the market for new opportunities will increase sales, domestically and internationally.

**Progress:** Market analysis conducted by Bill Vernon, an IPAK consultant from Ireland, identified several constraints in the value chain. Wood drying is too inconsistent leaving imperfections in the wood which may crack if too dry and or shrink after processing if too wet. Furniture design is another constraint; much of the design is below market standards. As these constraints are overcome, new markets can be serviced. Market identification is ongoing.

#### **Activity 1: Improve management of drying kilns (in progress)**

Poor wood drying is an identified constraint that prevents products from being competitive. Statement of work has been completed, and consultant identified and scheduled for June.

#### **Activity 2: Improve furniture design (in progress)**

Statement of work has been completed, and a consultant identified and scheduled for May.

#### **Activity 3: Prepare for the LIGNA Fair in coordination with GTZ (in progress)**

GTZ is supporting participants to attend the LIGNA Fair in Germany in late May while KPEP provides training to the participants prior to the Fair on May 9.

#### **Activity 4: Identify potential market opportunities (completed)**

Market identification was conducted in cooperation with SOGES, Italy, and its support of a Bill Vernon who was housed within IPAK. Mr. Vernon was engaged by IPAK for three weeks in February, and his report highlighted immediate opportunities for Kosovo wood processors in budget hotel furniture and furniture components. Market linkages that were identified and pursued include:

- Brovina, Gjakova for interior doors to Romania

- Dëshishku, Pristina for window to Romania
- Gacaferi, Peja for kitchen cabinets to Romania
- Berto, Vushtrria for hotel furniture to Romania
- Modeli, Gjakova for wooden modular houses to France
- Kepuska, Gjakova for pizza ladles to USA
- Galanteria, Podujevo for hotel furniture to UK

**Activity 5: Support the AWPk to conduct Natyra 2009 Fair, an exposition of Kosovo wood products (in progress)**

The activity is scheduled for May 6–9.

*Activities for the coming quarter:* Among the activities to be undertaken are two STTAs (furniture design and kiln drying), and market identification and product samples distribution into new market.

**Objective 2: Improve capacity of the Association of Wood Processors in Kosovo (AWPK) to provide member services such as training and advocacy**

*Anticipated Results:* AWPk will become a fully sustainable association recognized as representing the wood processing industry as well as its members. Membership will grow as wood processing companies understand the value added provided by AWPk membership.

*Progress:* AWPk has taken the lead in developing international standards and a committee to monitor the adoption of standards. AWPk has also emerged as a training service provider with support to membership to attend the LIGNA Fair. AWPk has begun charging fees for services which in return generate income to provide sustainable services.

**Activity 1: AWPk has worked with the Kosovo Standards Agency to adopt 46 EU wood industry standards (completed)**

**Activity 2: Kosovo Standards Agency with AWPk is in the process of establishing at wood industry standards committee (in progress)**

**Activity 3: AWPk is preparing to present its members' products at the Tirana Wood Products Fair in September (in progress)**

*Activities for the coming quarter:* These include the preparation seminar for LIGNA Fair, wood processing equipment exposition in Germany, and support to the Natyra Fair, wood processing equipment exposition in Kosovo.



## B. TRANSACTIONAL SECTORS

The approach towards Transactional sectors is to focus on discrete initiatives that will help the sector increase sales, exports, and/or employment, attract foreign direct investment (FDI), or achieve other priority development goals. Moderate Program resources that are targeted and results-driven will be allocated towards these sectors in the first year. Transactional sectors include ICT, Tourism, Recycling, Fabricated Metals, Auto Parts, and Decorative Stones.

### 1. SECTOR: INFORMATION AND COMMUNICATION TECHNOLOGY

**Sector Strategy:** ICT is both a vertical sector with a high potential for growth and employment in its own right and a “horizontal enabler” that can contribute to the growth of all sectors across the economy. In the first year, KPEP will treat the program in a transactional way, and the purpose of interventions will be to 1) take concrete actions to build capacity for the domestic market, and 2) pursue opportunities to develop IT services exports as they arise. In the second year, KPEP will evaluate the potential to treat ICT as a transformational sector, with more aggressive targets for improved sophistication and impact on the vertical markets.

**Objective 1: Improve product development, marketing and sales capabilities, and market linkages for selected firms**

**Anticipated Results:** By improving the marketing and sales capabilities of select firms, creating new market linkages; and preparing marketing strategies for penetration into these new markets, the assisted firms will realize increases in sales and exports.

**Progress:** Despite some delay in startup related to staff turnover, KPEP has successfully delivered a training event related to marketing and sales. Other activities contemplated in the work plan are under review. Progress in achieving desired results has not been as strong as desired.

#### Activity 1: Conduct ICT sales and marketing “boot camp” (ongoing)

The ICT Sales and Marketing Boot Camp Training started the implementation of KPEP’s formal work in the sector. The training emphasizes self-analysis by the Kosovar ICT firms to better understand their strengths and value, and to prepare them to sell their strong points while addressing their deficiencies.

Two JE Austin Associates (JAA) consultants conducted the initial pilot training on March 14. In keeping with KPEP’s pledge to ensure transfer of skills from foreign consultants to local consultants, they will also instruct a Kosovo consulting company so that they can offer the same training in the future. Management Development Associates (MDA), a Pristina based company, was selected through a competitive process to be a local trainer in the activity. There were 16 participants attending the first training module, including 10 men and 6 women, representing 14 ICT firms, including the Kosovo ICT association. The training was regarded by participants generally as ‘very good’ or ‘excellent.’

During the one-week follow up after each of the modules, JAA and MDA will visit participating ICT firms to help them with their strategy and repositioning their firms toward targeted market segments based on their strengths.

Eight ICT firms and the ICT Association have been assisted in reviewing and reformulating their marketing positioning, and have improved their marketing materials.

The ICT Association has been supported with marketing strategy and funding to participate in the ICT Fair where it enrolled new members and increased its membership base by 40%.

### **Activity 2: Implement IBM's Signature Selling Method workshop (under review)**

The activity, initially scheduled for April, has been postponed pending review. Upon initiation of the formal work in the sector by starting the ICT Sales Boot Camp training activity, it came to our attention that 'soft-skills' trainings, such as IBM's Signature Selling Method, are in fact also very important to the development of core ICT skills. Thus, in the first year of the program, KPEP will focus on addressing the most urgent training needs in the ICT sector by initiating activities that help increase the capacity of local firms to provide core ICT skills trainings and will, pending further discussions, either postpone or drop other training activities such as IBM's Signature Selling Method.

### **Activity 3: Conduct Kosovo-Macedonia B2B Event (under review)**

### **Activity 4: Conduct Kosovo-Albania B2B Event (under review)**

A B2B event held on February 19 in Skopje, which was attended but not supported by the project, showed that:

- Only one Kosovar ICT company attended the event
- The anticipated results of these events appeared to be the establishment of one-way relationships for representation and sales of Macedonian products and services in Kosovo.

Based on the results of this pilot B2B event in Skopje organized by AMCHAM in Skopje and Pristina, KPEP is reviewing and assessing further B2B events such as Kosovo-Macedonia and Kosovo-Albania ICT.

### **Activity 5: Attend Systems 2010 (under review)**

Systems, a fair to be held in Munich in October 2010, is one of two ICT mega-fairs held in Germany each year. Attendance at the fair may be useful for 5-10 companies in order to make contacts and have meetings with European suppliers, customers and partners. KPEP is considering identifying and supporting companies interested in attending on a cost sharing basis.

### **Activity 6: Identify industry solutions (modified/in progress)**

In order to facilitate market linkages, KPEP was considering a one-day B2B ICT - Construction Industry event to facilitate contacts with both foreign suppliers of IT solutions as well as with Kosovar ICT and Construction companies. Based on the level of interest, KPEP would then work with the ICT Association to replicate the event for other sectors.

The activity has been modified so that:

- The construction industry has been replaced as a targeted industry for ICT solutions in favor of the Tourism industry because it shows a chance for more immediate and promising results.
- The one-day event will be replaced by a series of initiatives to explore other opportunities to collaborate.
- We will focus only on local ICT firms.
- We will work to coordinate with the ICT Sales Boot Camp activity through incorporating visits with ICT firms to Tourism operators during the follow up weeks of each of the ICT Sales and Marketing training modules.

#### **Activity 7: Attend Call Center World Berlin (planned)**

The activity will leverage competitive advantages such as a widespread German speaking youth, a European time-zone, and a relatively cheap labor force, to realize an increase in sales and exports related to establishing or growing call centers in Kosovo.

The activity will help Kosovar companies create linkages and facilitate transactions with companies in Europe. It consists of assisting selected Kosovar companies, mainly Call-Centers, prepare for the fair (STTA) and by facilitating their participation (SAF) at the Call Center World Berlin, February 8-11, 2010 Fair.

#### **Activity 8: Work with RCI on IT mark (under review)**

The activity envisages facilitating new ICT training and certification to the Kosovar ICT firms in cooperation with the USAID funded RCI project. RCI is oriented towards encouraging ICT competitiveness in the SEE, CEE and Caucasus regions. Its partner, European Software Institute (ESI) in Bulgaria, has developed training and certification called IT Mark, which might be of interest to Kosovar ICT companies too. The IT Mark certification would help increase competitiveness of Kosovar ICT firms and, through RCI, would establish partnerships between Kosovar and foreign firms focused on the Kosovar market.

An initial communication has been established with RCI and ESI. Information on IT Mark has been requested and will be distributed to local ICT firms. Pending interest by ICT firms, the activity will unfold in the second quarter.

**Activities for the coming quarter:** These will include discussion and decisions on those activities under review and a revision of the work plan as necessary.

#### **Objective 2: Improve workforce skills in ICT sector**

**Anticipated Results:** Improved workforce quality will be demonstrated by an increase in the number of local ICT professionals with internationally-recognized certifications by approximately 100 people; increased employment and retention of ICT professionals in the ICT sector; an increase in the number of Kosovar ICT professionals with PMP certifications by approximately 10 people; and increased capacity of ICT firms to manage and successfully complete complex ICT projects.

**Progress:** Progress is satisfactory. KPEP has identified and initiated action to implement several proven training events targeted at developing key skills in the sector.

**Activity 1: Support ICT vendor certification (in progress)**

KPEP is in the process of selecting local training companies who offer internationally recognized training and certification. The Project will provide grant funds on a cost sharing basis in order to reduce the costs of the certifications and stimulate demand.

We have prepared a draft of the Request for Expression of Interest (REI). The next steps are to publish the requirement, evaluate responses, and award contracts to the selected trainers.

**Activity 2: Support PMP certification (planned)**

Project Management Professional (PMP) is a certification widely used in the IT and construction industries which is not currently available at a satisfactory level in Kosovo. KPEP intends to select and assist at least one additional Training company (Trainers) in becoming a new PMP training provider.

Trainers will be provided with incentives to introduce new PMP trainings and grants will be provided in order to reduce the costs of the certifications and thus stimulate demand.

**Activities for the coming quarter:** Vendor certification support will continue, and PMP support will begin.

**Objective 3: Strengthen ICT Association**

**Anticipated Results:** The ICT Association is new. KPEP sees an important opportunity to support a motivated executive director to develop this association into a sustainable organization providing a range of services to members, including support in the areas of work force development and market information, advocacy and lobbying. As the association's membership grows, it will become reach financial sustainability.

**Progress:** Progress is satisfactory. A number of early support activities have been completed and several more initiatives are in progress or in the advanced planning stage.

**Activity 1: Conduct supply-demand survey (planned)**

KPEP will build the capacity of the ICT Association to carry out the Supply-Demand Survey by providing an appropriate STTA and SAF assistance. The survey will include market size and segmentation, capabilities of ICT providers, workforce demand, and spending forecasts for potential customers. The activity is planned to commence in July and will continue through end of September.

**Activity 2: Design and production of promotional materials for ICT Fair (completed)**

KPEP funded the design and production of promotional materials for the ICT Association's participation in the annual ICT Fair in Pristina March 24-26. At the fair, the association enrolled 16 new ICT companies (an increase of 40% from what had been their current

member base of 41 members) and established contact with the ICT Association of Macedonia (MASIT).

**Activity 3: Develop by-laws and procedures (ongoing)**

New draft for the director job description has been completed. The review and drafting of the Association's new charter is in progress and will be completed, pending discussions with members of the board, during the second quarter.

**Activity 4: Support ECDL training and national operator's concept through the ICT Association (ongoing)**

KPEP is assisting the ICT Association to become a national operator of the European Computer Driving License (ECDL) training and certification. The success of this initiative will bring ECDL training and certification costs to a level much more acceptable to the local environment than is currently the case, and will spur the demand for this entry-level IT training.

The activity started by organizing and facilitating a meeting between the ICT Association and existing ECDL trainers in order to better understand the current situation and agree on the best course of action for promoting ECDL on a wider scale.

**Activities for the coming quarter:** These will include completing assistance to association on its bylaws and continued support to ECDL training.

**Objective 4: Improve legal and regulatory environment for ICT sector**

**Anticipated Results:** As a result of these changes, costs will be reduced and the quality and reliability of services will increase.

**Progress:** KPEP has identified two important and high visibility initiatives that will support his objective and planning is well under way.

**Activity 1: Develop Internet exchange point (planned)**

KPEP will engage a STTA to work with the Ministry of Telecommunications and the Telecommunications Regulatory Authority to draft the needed instructions and clarifications for Internet Service Providers (ISPs), to facilitate their cooperation and implement Internet exchange points. STTA will also work in identifying a suitable independent operator for an interconnection point, selection of the technical options and help set up an interconnection point.

At present, all exchange of emails and other Internet traffic between the four national ISPs (IPKO, Kujtesa, PTK and Artmotion) takes place outside of Kosovo utilizing costly international lines. The technical cost for establishing an Internet interconnection point is estimated at €20,000, while the business case for substituting and building an in-country exchange point promises to save at least €200,000 per year. In addition, by providing cheaper and better connectivity within the country, it will become feasible for local businesses to improve their products and to develop a whole new set of ICT applications such

as communication tools, content and media streaming, and distributed applications for clients with operations in multiple sites throughout Kosovo.

### **Activity 2: Support dot K S (.ks) domain name (planned)**

A suitable STTA will support implementation of the Internet Top-Level country Domain (ccTLD) for Kosovo by assisting government institutions in communicating with the Internet authorities (ICAN) and by helping in developing the case for assignment of the ccTLD for Kosovo.

Obtaining ccTLD for Kosovo will drive direct business benefit of at least \$50,000 per year. Improvement of the local ICT sector's branding and positioning in the regional and global market will be an intangible benefit.

The activity will start by initiating communication with the authorities to reach agreement on the level of assistance, and then by identifying a suitable STTA to complete the task. Kosovo's membership to the IMF or WB will be the closest thing to fulfilling the prerequisites for obtaining the ccTLD. The activity will commence in the second quarter.

**Activities for the coming quarter:** The activity will start by initiating communication with the authorities to gain agreement on a level of assistance, and then by identifying a suitable STTA to complete the task. The activity will start in the second quarter, end of April.

## **2. SECTOR: TOURISM**

**Sector Strategy:** Tourism's designation by KPEP as a Transactional Sector means that the project will focus on specific ROI opportunities. These will increase sector revenue through exports (tourist arrivals) including increased spending by the local international community, as well as domestic sales (local tourists) and increased foreign or domestic investment into the sector. We plan to work at the sector level to identify strong local counterpart institutions while collaborating with other donors and leveraging the experience of other USAID projects (e.g., Macedonia).

**Objective: Increase sector revenue through exports (tourist arrivals) including increased spending by the local international community, increased domestic sales (local tourists) and foreign or domestic investment into the sector**

**Anticipated Results:** KPEP expects an increased number of 'internal tourists' (especially internationals) utilizing tourism-related experiences and packages; increased number of tourism experiences and packages developed and offered regularly by Kosovo travel agents/tour operators; and increased revenues of travel agents, tour operators and other potential experience providers

**Progress:** KPEP has achieved considerable progress already in this transactional sector. The Kosovo Tourism Association (KOTAS) has been identified as the project's institutional partner and has become the principal organization providing private sector leadership for the nascent tourism industry of Kosovo. In addition, two important activities have been undertaken (day tours and restaurant tours, see details below). Progress in assisting in the development of tourism products and packaged experiences and in promoting these to the international community in Kosovo has been significant. "Test tours," workshops and one-

on-one mentoring were conducted during the quarter. As a result, more than 30 product offers are expected to be developed from travel industry stakeholders supported by the project. A major special event (restaurant tour) is planned for autumn to tie into the day tour offerings.

**Activity 1: Identify an institutional counterpart (completed)**

KOTAS has become the institutional counterpart for KPEP tourism-related activities. For the first time, with KPEP and KOTAS support, all tourism sub-sectors are beginning to work together in developing experiences and packages.

**Activity 2: “Stay the Weekend – Experience Kosovo” Travel Day Fair (ongoing)**

The project is assisting KOTAS and its members to launch the first ever national travel day fair scheduled for April 22 as a targeted marketing and promotion event for tourism products and packaged experiences. The target market is foreign nationals living and/or working in Kosovo, and the products are day tours. With assistance from Business Support, an international tourism expert and a local counterpart from KOTAS were identified to lead this activity. The following sub-activities were undertaken to realize “Stay the Weekend – Experience Kosovo.”

**Sub-activity A: Research target markets**

This included a focus group discussion with 13 representatives of the international community in Kosovo and market survey among the members of the International Women’s Club. This helped to determine possible product offers. In a subsequent workshop, fact findings from these were shared with 16 travel industry stakeholders who showed interest in developing at least one tour package matching the expectations of the targeted market.

**Sub-activity B: Support tour operators and other organizations for delivery of new product offerings**

A Kosovo Wine Tour was launched by TPD Consulting, and a test tour was concluded by three Americans from the American University of Kosovo and the KPEP Tourism Consultant Scott Wayne. HRG Euro Sky Travel will continue the marketing of this tourism product.

A Media Tour Package was developed by TPD Consulting and tested during the visit of travel writer Mark Stratton from the UK-based travel magazine, Wanderlust. The media tour package template will be introduced to the Travel Day Fair and offered to Tour Operators to continue promoting Kosovo tourism to other international travel writers.

Travel agents are developing 14 new product offers to “premier” at the April 22<sup>nd</sup> Kosovo Travel Day Fair.

**Sub-activity C: Support development and dissemination of marketing materials and collaterals**

KPEP developed templates for hotels, restaurants and travel agencies to use when creating, marketing and promoting their new product offers. Some 20 tourism operators are using the templates already.

**Sub-activity D: Build capacity of local firms to deliver and improve product offerings.**

One-on-one consultation of new experiences and tour products was provided to the following firms: HRG Euro Sky Travel, MCM, Alta Via, Rugova Experience, Cultural Heritage without Borders, Rural Tourism Novobrdra, Air Kosova, Hotel Trofta and Trout Farm in Istog, Vila Germia Restaurant and Travel Club Vector.

**Sub-activity E: Gather feedback from participant experiences in order to establish a baseline of market and customer research. Disseminate finding to the industry and coordinate next action steps.**

KPEP collected baseline market data from the wine tour, a travel survey conducted with the International Women's Club, and a focus group of representatives of the international community in Pristina. Substantial additional market feedback is expected from Travel Day Fair on April 22.

**Activity 3: 'A Taste of Kosovo' Restaurant Tour & Tourism Promotion (ongoing)**

Original concepts can change for various reasons, and KPEP is flexible and open to this. Such was the case with a competitive 'cook off' event that KPEP had proposed. With assistance from Business Support Services, an international tourism event expert was identified to research and eventually plan and conducts the activity, in conjunction with a local counterpart.

After the consultants completed on-the-ground research and gained significant industry feedback, the event became a 'Restaurant Tour & Tourism Promotion.' The theme is "Stay the Weekend – A Taste of Kosovo," thus tying it to the day tour activity. The restaurant event will include two components: (1) a cooking class taught by an international cooking instructor to train local chefs in innovative uses of local products, creative use of herbs and spices, international trends in food, and new culinary techniques, (2) a restaurant tour to four restaurants in a pre-selected municipality as part of day tours to that municipality. The event will take place in late September to help extend Kosovo's tourist season and tie into the already scheduled Kosovo Cultural Heritage Month.

**Sub-activity A: Research needs/wants of local chefs and restaurant owners to prepare for cooking classes.**

A workshop with seven restaurant owners and chefs who are KOTAS members was conducted and provided valuable input into the cooking class that will precede the restaurant tour.

**Sub-activity B: Identify municipality as partner in activity.**

Three municipalities were pre-selected in consultation with USAID: Prizren, Peja and Gjakova. Each was deemed to have the necessary tourism infrastructure and to meet other set criteria. KPEP staff and our local and international consultants met with officials of each municipality to introduce the concept spark their interest and answer questions.



A call for expression of interest to host the Taste of Kosovo Tour was sent to three pre-selected municipalities with a submission deadline of April 6.

**Sub-activity C: Be on the lookout for foreign investment opportunities.**

Significant investment, domestic and foreign, is needed if Kosovo's tourism industry is to meet global standards and compete worldwide. Identifying foreign direct investment (FDI) for the industry is a long-term objective. KPEP is conducting a seminar in April for companies potentially interested in working with KPEP to attract FDI. Five tourism-related companies, mainly hotels, were invited to take part in the seminar. If they choose to work with KPEP, the project and its investment advisors would help the companies prepare themselves to seriously go after foreign investment and potentially get an offer?

**Activities for the coming quarter:** A workshop to prepare participants for the travel day fair was to be held on April 15. The "Stay the Weekend – Experience Kosovo" – First Annual Kosovo Travel Day Fair – was to be held on April 22. Follow-up focus group sessions with the international community will continue identifying preferences for travel experiences and matching demand with potential providers. Follow-up product development and marketing sessions with the Travel Day Fair exhibitors and other experience providers will track progress on product development and marketing.

A request for proposals was issued to identify an event management company to handle logistics for the restaurant event with a May 12 deadline. Other sub-activities will include preparations for the cooking class scheduled for mid September for the Restaurant Tour scheduled for the end of September.

### **3. SECTOR: RECYCLING**

**Sector Strategy:** Recycling is a Transactional sector with little Kosovo-specific information available, limited private sector involvement, but valuable lessons to be learned from the recent successful experiences of both Macedonia and Montenegro. KPEP will focus only on PET recycling in Year One because of its synergies with other targeted sectors. KPEP will implement one or two concrete activities to demonstrate the benefits of recycling.

**Objective: Develop a sustainable pilot project for PET recycling to demonstrate the financial and other benefits of recycling as well as to identify foreign direct investment (FDI) to improve conditions and long-term success of the sector.**

**Anticipated Results:** Based on the opportunities identified, evaluated and selected for intervention and undertaken, results will be an increased quantity of PET plastics recycled and exported; increased number and value of sales of recycled products; and increased investment in recycling sector, including foreign direct investment (FDI).

**Progress:** Significant inroads have been made into gaining a clearer understanding of the recycling sector and identifying a role for KPEP. This will lead to a more detailed action plan to be launched in the third quarter. Some opportunities for collaboration and cooperation with other projects, donors, NGOs and municipalities have been found. However specific opportunities with existing recycling companies and manufacturers for additional interventions have been limited due to lack of reliable sector-related information.

We expect more results in the next quarter when KPEP undertakes an action plan for implementation.

**Activity 1: Identify potential opportunities to increase recycling and generate public support (ongoing)**

The first opportunity for intervention is collaboration with the NGO Lulebora located in Shtimje. The NGO has five additional collection points (Vushtrri, Skenderaj, Podujeva, Novoborde and Gllogoc). KPEP interventions will include:

- Assist formation of municipal networks that will strengthen their collective collection capacity and increase productivity
- Support a grant application to the Dutch Embassy – new collection points will be established in four municipalities
- Assist in increasing access to markets in the region in order to increase sales and the export of recycled plastics
- Establish contacts with ERH Plastic Recycling and EKO ERAS for export to Macedonia, and GYKMEN TRADE for export to Turkey
- Help a NGO to transform into a microenterprise to grow the recycling business and increase investments

**Activity 2: Identify opportunities to collaborate and cooperate with other projects and other donors (ongoing)**

Important initial progress was made on this activity:

- With assistance from Business Support Services, a meeting was held with the USAID Plastic Recycling Project in Macedonia implemented by MDC-Ti.NET Skopje. KPEP gained valuable knowledge and lessons learned. These will be considered as KPEP identifies its next steps in the recycling component.
- KPEP learned that the Dutch Government has a new program in Kosovo seeking innovative approaches in solid waste management and providing up to 50% subsidy. We will help clients access this program.
- Students of the American University in Kosovo (AUK) are planning to launch an environment protection campaign including waste collection and recycling campaign. KPEP will identify ways to support this effort.
- Because Mercy Corps is interested in working on recycling on a case-by-case basis, KPEP will follow up as appropriate.

**Activity 3: Develop and implement action plan (Planned)**

**Activities for the Upcoming Quarter:** New opportunities for project interventions to be identified, as well creative initiatives through the Strategic Activities Fund. A feasibility study will be launched with MDC-Ti NET Skopje.

## **4. SECTOR: FABRICATED METALS AND AUTO PARTS**

**Sector Strategy:** KPEP interventions will be carefully targeted to activities that are complementary to the work of other donors, particularly GTZ, and those that present the potential for high return on investment. We will also look for synergies with other KPEP sectors, such as construction and agriculture.

**Objective: Provide targeted technical assistance and support services to producers of metal products and auto parts to maximize ROI.**

**Anticipated Results:** Before specific results can be established, KPEP needs to identify specific transactions and interventions. However, in general, the project expects to find opportunities for transactions in Fabricated Metals and Auto Parts and to undertake appropriate interventions. These activities will increase the number and value of sales, jobs and investment in Fabricated Metals and Auto Parts.

**Progress:** These sub-sectors provide few opportunities for results-oriented interventions at this time. Progress has been limited, largely due to external factors. Both sub-sectors are characterized by a large number of recently privatized firms. However, many are not operational at this time. The global economic crisis has had a serious negative effect on these sub sectors worldwide.

**Activity 1: Identify GTZ involvement in Fabricated Metals and look for opportunities to provide complementary support (ongoing)**

GTZ, the key donor working in this sector through calendar year 2010, has changed its approach and is in the process of implementing its new two-year action plan. The approach includes a new requirement, co-financing of activities by supported companies. KPEP is in contact with GTZ to gain a better understanding of the changes and where KPEP can support the sector to eliminate redundancies.

In the meantime, KPEP and GTZ are supporting two pilot projects that will, for the first time in Kosovo, install geothermal heating and cooling systems. The pilots are at AUK and a dental clinic, ARS, both in Pristina. Osa Termosistemi from Rahovec produces the heat exchangers and cooling systems. Mont Kommerce GZ Company and a German company ITEC are also part of the pilot. Further project assistance is needed to facilitate the transfer of know-how from the German company ITEC to Osa Termosistemi.

Gorenje Elektromotori, J.S.C. from Gjakova, which is a well-known producer of electric motors, wants to regain former clients with new production programs. KPEP is monitoring this to identify possible avenues of assistance.

**Activity 2: Review of existing auto parts industry and potential to link to regional automobile manufactures (on hold)**

Given the state of the worldwide auto business, this activity has been placed on hold.

**Activities for the coming quarter:** KPEP will continue seeking opportunities to complement the work of GTZ and identify a specific KPEP role.

## **5. SECTOR: DECORATIVE STONE**

**Sector Strategy:** The core strategy will be threefold: maintain contacts with quarries regarding opportunities and needs; network with current and potential investors to keep

abreast of investment activity; and facilitate investment opportunities where and when feasible.

**Objective: Better understand the potential and operating environment for the sector and be able to quickly move to support potential investment opportunities as needed.**

**Anticipated Result:** Swift and wide-ranging results are not expected. However, transactional results (e.g., investment (FDI), new market access, increased sales) will be actively pursued and one or more high-impact results are viable but nominally expected.

**Progress:** KPEP has developed a greater understanding of the procedures and steps that a quarry needs to undertake in order to be attractive for FDI. Expensive pre-investment surveys and technical examinations by international certification bodies are needed. Foreign investors require preparatory reserve assessments, geo-physical surveys, and market studies to identify the value of the stone. A few potential Italian investors have been identified by IPAK for onyx quarries in Kosovo.

Due to the significant constraints facing the sector and more promising opportunities in other transactional sectors, planned activities for decorative stones have been largely postponed.

**Activity 1: Stay abreast of sector developments via media reports, local industry records, systematic contacts with quarry and stone/ceramic fabrication enterprises, and flash surveys (postponed)**

**Activity 2: Pinpoint opportunities for FDI and keep abreast of investment activities (ongoing)**

Small progress has been made in this activity. IPAK has identified a few potential Italian investors for onyx quarries in Kosovo. However, KPEP has learned that investment preparatory activities (technical surveys and examination by international bodies) come at a very high cost and are generally financed by the quarry owner. This requires further clarification since quarry owners in Kosovo do not have the financial capability to undertake these critical pre-investment activities. KPEP will continue identifying any complementary activity with IPAK.

**Activity 3: Provide targeted support to facilitate specific identified investment opportunities (None identified to date)**

**Activities for the coming quarter:** Monitoring the sector will continue and if an opportunity arises, it will be evaluated for assistance.

## **II. COMPONENT 2: BUSINESS SUPPORT SERVICES**

Business Support Services Component defines the term “business service provider” (BSP) broadly, encompassing private firms, partnerships, solo practitioners, non-government organizations (NGOs) and associations. The component’s strategy is to use practical approaches to capacity building and include direct work with project clients as a training tool. The component also builds on past experience and success. Finally the component works collaboratively both within the project and within the broader community.

Like most international donor projects, KPEP will employ international experts for short-term technical assistance (STTA) assignments where local expertise is lacking or less than desirable. KPEP partners international STTA consultants with local BSPs who are integral to the international consultants’ assignments. This “partner training” builds on existing expertise and success – and helps to ensure a transfer of knowledge and skills from the international to the local consultant. For example, this quarter several former KCBS staff members were partnered with international consultants who enhanced and expanded the local consultants’ knowledge, expertise and experience in their given specialties.

In the first quarter KPEP announced that it would require that a consultant assist in the preparation of applications for \$10,000 or more in assistance from the Strategic Activities Fund. After consultation with USAID, KPEP has agreed to drop this requirement.

The component strategy will be re-visited in the second quarter due to the departure of the international expert. When USAID designed the request for proposals for KPEP which included this component, other donor projects supporting the sector were to be concluded. However, that has not been the case, creating possible duplication of efforts.

**Sector-Specific Activities** (see sector reports for more details):

- Wood Processing
  - Identified local consultant to support Association of Wood Processors of Kosovo (AWPK) members to prepare for LIGNA international machinery and equipment suppliers fair in Germany, in cooperation with GTZ, German development organization
- Tourism
  - Identified local consultants to support development of concept of day tours targeted at internationals living in Pristina as new product for local travel agents/tour operations
  - Identified local consultant to support development of restaurant tour concept as new product targeted at internationals living in Pristina to be offered by local travel agents/tour operators

### **Cross Cutting Initiatives:**

Year-to-date totals are 750 persons trained (673 men and 77 women) for a total training hours of 1161.5. Training is defined as presentations, traditional (classroom) training and partner training. During the first quarter, KPEP conducted five presentations and one classroom training with a total of 207 participants (177 men and 30 women). Total time for this training was a modest 12.5 hours. During the second quarter, the project conducted eight

presentations, five classroom training events, and had seven local consultants in training partnerships. In all, 543 persons participated (496 men and 47 women). Notably, KPEP's IT sales and marketing training included six women in a total group of 16 persons. Training hours totaled 1149.

Baseline for sales established for BSPs totaled €551,252 for CY 2008 and for employment is 49, also for CY 2008. During this quarter 11 BSPs had sales of €210,220. When these data are compared with the same quarter of previous year (baseline sales were €133,925) we have an increase of €76,295 in sales for the quarter. Also, this quarter's data on FTE jobs show a total of 15.63 FTE jobs, which compared to the baseline of 11.75 FTE jobs, provides for an increase of 3.88 FTE jobs, or approximately 4 more FTE jobs.

**Objective 1: Build the capacity of Kosovo business services providers to better meet the consulting and support service needs of the Kosovo private sector, especially KPEP targeted sectors.**

**Anticipated Results:** Results will be indicated by improved revenue and increased employment among BSPs.

**Progress:** During the quarter, KPEP made important strides at establishing its role in assisting the development of the business service provider sector in Kosovo. Key activities were undertaken to target different segments of the sector ("management consulting" vs. technical consulting) and have had solid, identifiable successes.

**Activity 1: Implement "Kosovo Premier Advisors (KPA)" training for potential trainers and others - two pilots (ongoing)**

Twelve top consultants and association executives completed an intensive eight-day classroom training course that focused on financial modeling and marketing and the linkages between the two, project management and written and oral presentations. Ten of 12 participants completed evaluations, and a majority rated each element of the course "good," "very good" or excellent." Even these 'old hands' felt they had learned something new.

In addition to the classroom work, participants were given practical projects for KPEP clients. A call for concepts was completed in December 2008 to identify appropriate projects. However, because this was very early in KPEP's engagement, finding projects that met KPEP guidelines for the Strategic Activities Fund (SAF) was difficult. KPEP's component leads selected five concepts plus a feasibility study around KPA training and a consultants association. These were randomly assigned to two-person teams. Three projects were submitted, reviewed and accepted in the second quarter. Due to unforeseen circumstances, the remainder will be finalized and submitted early in the third quarter.

Five participants from the initial training have been selected to conduct the second pilot, most likely in June. Their names will be announced at an event in April when Kosovo Premier Advisor certificates will be distributed. Participants in the second pilot will include former KCBS staff members who are now consultants and those unable to attend the first pilot and still interested.

Three KPA participants applied for and were selected to take part in the training for consultants assisting KPEP and its clients to identify foreign direct investments, and another KPA participant is a local partner in the IT sales and marketing training.

**Activity 2: Implement/continue KPA based on feasibility study completed by participants in pilot training**

As noted above, the feasibility study was not completed in the second quarter as planned, due to unforeseen circumstances. It was submitted in early April, and once reviewed and discussed with USAID and other interested parties such as TAM BAS, a decision will be made.

**Activity 3: Develop training skills training program for subject matter experts and freelance consultants in cooperation with local training company and pilot (offering to be continued by local firm)**

Because other activities were more pressing, this has been postponed until a specific need is identified by a sector specialist or component lead.

**Activity 4: Develop consulting skills training program for subject matter experts and solo consultants and conduct two pilots, lawyers and consultants (ongoing)**

A scope of work has been prepared, and two consultants (one legal and one management) with Kosovo experience have been identified to design and conduct two pilots in June. One pilot targeted at legal consultants will be done in cooperation with the USAID American Bar Association/Rule of Law Initiative project which is identifying participants. Participants for the second pilot will be selected from KPEP's list of solo practitioners and subject matter experts. The Business Enabling Environment specialist will take over this activity.

In the first quarter, KPEP provided a short workshop, "So you want to be a consultant," for former KCBS staff and KPEP short term staff who are solo practitioners. Seven attended, and most have continued with their consultancies. In the second quarter, as follow up, the component lead assisted one consultant to upgrade his firm's capabilities statement and CV.

**Activity 5: Support management consultants in pursuit of international certification (CMC) in collaboration with TAM-BAS program.**

See above regarding KPA feasibility study, which feeds into this. KPEP and TAM BAS were to meet in April to determine next steps.

**Activity 6: Implement and monitor KPEP partnering concept****Sub-activity A: Establish guidelines for partnering concept (foreign consultants with local consultants) and present to KPEP staff (completed)****Sub-activity B: Manage and monitor (ongoing)**

Seven local consultants participated as local partners to international consultants to expand quality/quantity of technical service offerings by transferring skills and knowledge:

- Agriculture (fruits/vegetables value chain, dairy marketing, and non-wood forest products) – three local consultants
- IT (sales/marketing training) – two local consultants

- Tourism (product development and marketing [day tours] and event development and marketing [restaurant tour] – two local consultants

Feedback from local and international consultants has been positive:

- Our local partner “performed very well. His good experience in the (fruits and vegetables) sector and knowledge of the country, knowledge of the industry and programs of the prior KCBS and other donor projects was a big help. Also, his willingness to achieve progress for the industry was a key to the success of our assignment. He participated as a true team member ...” commented the international consultants undertaking fruit and vegetable value chain audit.
- “Not only was it a pleasure to collaborate with (local consultant) on this assignment, but his contributions tremendously accelerated our productivity as STTAs. From the first hours together, (he) shared his knowledge and perspective on the dairy sector in Kosovo, and local history/culture. He has a deep understanding of the value-chain dynamics, broad knowledge of past studies and a wide network of contacts on which relied to schedule meetings. By noon the first morning, we already had our action plan for the first week ...” said the international dairy marketing strategy team.
- Their local counterpart said, “The quality and understanding of problem from two ST International Consultants was excellent. ... Discussion after the visits was part of the collaboration and local consultant was treated equally.”

**Activities for coming quarter:** All projects under KPA will be finalized. A second pilot using local KPA certificate holders as trainers is planned for June. A decision will be made regarding support of a Kosovo consultants association and/or working with TAM/BAS on the CMC activity. Tourism and IT partnering assignments will carry over and be completed in the second quarter. Support to sectors by identifying local partners and assisting with the identification and deployment of international STTAs will continue. Consulting skills training for legal and management consultants will be piloted in late May and early June; Business Enabling Environment Component will oversee this training.

**Objective 2: Enhance the ability of associations to advocate for, communicate to and market their associations and members**

**Anticipated Results:** Association memberships will increase because potential members will see the value-added of belonging to an association. In addition, we expect that association members, the relevant Government of Kosovo ministries and other stakeholders will have a greater understanding of the role of the associations in their industries and of their contribution to Kosovo’s economic growth.

**Progress:** The Association Development Index, a compendium of eight elements needed for an effective association, was administered in January by a local consultant. The consultant interviewed executives of 16 associations to determine where they fell on a scale from 0 to 5 (international standard). A baseline was set baseline at median of those evaluated (1.59) because range was so broad (0.25 to 3.5 on 0-5 scale).

A “communications gap” between associations and their stakeholders, especially their members, was identified in the results of the Association Development Index, as well as during the overall project assessment in the first quarter. Activities under this objective are intended to help associations address that and fill that gap.



KPEP's focus on the objective in the second quarter was in two limited areas: (1) satisfying a project baseline need by administering the Association Development Index for the project baseline and (2) because trade fairs are a popular marketing tool, establishing guidelines and support related to trade fair participation. Additional activities, including training, will be planned for coming quarters.

**Activity 1: Administer Association Development Index for the project baseline (completed)**

The Association Development Index, a compendium of eight elements needed for an effective association, was administered in January by a local consultant. The consultant interviewed executives of 16 associations to determine where they fell on a scale from 0 to 5 (international standard). A baseline was set at median of those evaluated (1.59) because range was so broad (0.25 to 3.5 on 0-5 scale). A "communications gap" between associations and their stakeholders, especially their members, was identified in the results of the Association Development Index, as well as during the overall project assessment in the first quarter. Activities under this objective are intended to help associations address that and fill that gap.

**Activity 2:** Develop trade fair manual and participation training program that prepares companies to be visitors or exhibitors at international trade fairs and partner with local firms (ongoing)

The English version of the Trade Fair Handbook was completed except for the appendices, and the Albanian translation was begun. Both versions will be completed and published in April, and then the Serbian translation will be undertaken.

An international consultant will design a short workshop for visiting a trade fair for the LIGNA fair in Germany in May. The workshop will be piloted with members of the AWPk who plan to attend that fair. A longer preparation course for exhibitors is planned to be part of AWPk's participation in an international fair in Albania in October. AWPk members exhibiting at that fair will have attended one or more international fairs as visitors already.

**Activities for coming quarter:** A specific plan for capacity building of associations will be developed and implementation begun.

**Objective 3: Support sectors by identifying local service providers who meet their needs in terms of type and quality of services provided.**

**Anticipated Results:** Appropriate local service providers will be able to meet the type and quality needs of KPEP sectors, thus increasing the likelihood of sector results being achieved.

**Progress:** KPEP has successfully identified and linked a number of local service providers to ongoing sector specific work.

**Activity 1: Support sectors in identifying local service providers (ongoing)**

Seven local consultants were identified as partners for international consultants undertaking short-term technical assistance (partner training in agriculture, tourism and IT). All but two are from solo practices or small firms.

A local consulting firm of former KCBS staff members was contracted to complete survey and gap analysis of information available on agricultural inputs from suppliers.

A local consultant with experience working with AWPk and in the wood processing industry was contracted to work with AWPk member companies attending LIGNA international fair. He will ensure the companies have clearly identified equipment and vendors they want to visit and analyze their requests for the international consultant who will accompany the group to the fair.

***Activities for coming quarter:*** The Business Support Services Component will continue to respond to sector needs as identified by component leads and specialists by finding qualified local business service providers whenever possible.

### III. COMPONENT 3: BUSINESS ENABLING ENVIRONMENT

The strategy taken by the BEE Component continues to focus on responsiveness to the specific demands of the competitiveness components of the project. The Component remains highly flexible to changing circumstances in the legal and regulatory environment. As planned, significant effort is in the areas of reaction to significant and immediate legal/regulatory barriers to KPEP-related transactions, and rapid development of implementation and enforcement of critical laws and institutions. While particular emergent circumstances have required adaptation of tactics, the overall strategy of the BEE Component remains the same as planned at the beginning of the project.

Because of the critical importance of assisting with growth in Kosovo exports, BEE has placed additional emphasis on work with regional trade and export facilitation.

#### Sector-Specific Component Activities:

- Agriculture
  - Continued to raise awareness within the Ministry of Economy and Finance and Ministry of Trade and Industry regarding the disproportionate revaluation of Pestova potatoes by Albanian Customs in order to solve the issue, expected to be resolved soon.
  - Discussed with Ministry of Economy and Finance the Government's initiative for providing some types of subsidies for Agriculture.
- Construction
  - Drafted a letter to the Ministry of Environment and Spatial Planning asking for consideration in amending specific articles in the draft law on construction.
- ICT – No activity this quarter.
- Forestry/Wood Processing
  - Researched Forest Stewardship Council (FSC) certification for Kosovo.
  - In cooperation with the Association of Wood Processors of Kosovo (AWPK) submitted a letter to the Ministry of Finance and Economy requesting amendment of the Integrated Tariff of Kosovo to remove import tariffs on specific wood products.
- Tourism – No activity this quarter.
- Recycling
  - Met with government bodies and agencies in charge of Waste Management and identified existing problems:
    - Disregard for Existing Legislation
    - Legal Limitations for Clearly Delegating Roles and Responsibilities
    - No long term strategy to deal with waste management
    - Most of recycling activities are a result of private initiatives

#### Cross Cutting Initiatives:

KPEP is also designed to undertake a limited number of cross cutting initiatives to improve aspects of the business environment when such activities are consistent with the terms of the

task order, critical to the success of multiple sectors, and more efficiently addressed at a higher level than an individual sector.

**Objective 1: Facilitate improvement in competitiveness indicators through targeted achievements in the Business Enabling Environment.**

**Anticipated Results:** Competitiveness indicators will improve.

**Progress:** Though significant time was spent in determining precisely which areas would present the most appropriate targets, a number of early successes have been seen, and additional targets identified. (See details below.)

**Activity 1: Update the 2007 Commercial Legal Institutional Reform (CLIR) Kosovo Indicators (completed).**

Though the purpose of rescoring the indicators was largely to establish a baseline for marking progress against the objectives, this analysis of the reform environment has been instrumental in identifying gaps in the legal framework and in the way laws are implemented.

**Activity 2: Complete the first stage of contracting capacity building programming by drafting several contracting “briefers” as a part of materials for trade show participants (completed).**

The briefers, focusing on contracts in general, as well as a number of the more common provisions found in contracts, are meant for use by the business community participating in trade shows, to help them develop skills in negotiating and understanding the contractual issues that foreign partners demand.

**Activity 3: Support opportunities for Public-Private Partnership (ongoing).**

PPP is one of the most promising foundations for economic growth in Kosovo. As an efficient new platform for public sector investment in infrastructure and for inviting the private sector to bring its own capacities to bear in the public sphere, PPP will be an exciting engine for growth. But, this will require careful attention not only to the public implementation of the law, but to the development of the private sector contracts that will be used as models in various sectors.

- Identified three potential PPP opportunities in which BEE will facilitate by drafting model contracts and terms & conditions, and will assist in the identification and preparation of private sector partners. These opportunities are as follows:
  - Short/medium term forest harvesting and management;
  - Waste Collection and Recycling; and,
  - Vocational Education Training Centers.

**Activity 4: Implement Legal Consultant Training Program in collaboration with the KPEP BSS Component and ABA-CEELI (ongoing).**

This program will act as the initial focus for significantly expanded contracting and legal substance capacity building assistance to the legal community. Such assistance should result in a better understanding and use of the legal and regulatory system for commercial growth.

The assistance is designed to establish a commercial bar that reaches out to, as assists, the business community.

**Activities for the coming quarter:** The Legal Consultant Training Program will be piloted. (BEE will oversee the pilot of this training and the management training that are being designed and taught jointly by a management consultant and a legal consultant.)

**Objective 2: Assist key public and private entities to understand rights and obligations under existing bilateral and regional trade agreements, comply with the terms of such agreements, and be able to assert and defend rights and privileges created by the agreements.**

**Anticipated Results:** What begins with Kosovo's acceptance of the terms of the Central European Free Trade Agreement (CEFTA), and the promulgation of a simple trade policy, must ultimately result in growth in exports and in industries dependent on raw materials imports. Kosovo is at the very beginning of this journey, and exhibits frustratingly poor capacity in understanding, much less defending its rights under, CEFTA.

**Progress:** KPEP's activities in this area remain, for the moment, sector specific and reactive to particular emergent needs (see sector-specific activities for Agriculture and Forestry), but we plan in the present year to expand our role so that we provide advice to MTI, Customs, and MEF on regional trade best practices, training on CEFTA to MTI and Customs, and assistance to MEF in its goal to develop a trade financing scheme.

**Objective 3: Support increased FDI (foreign direct investment)**

**Anticipated Results:** KPEP's goal is to attract foreign direct investment (FDI) across the entire spectrum of its sectors. This is an ambitious proposition, given the image that Kosovo has in the world, the international financial crisis, stiff competition from neighboring countries, and the fact that the Government of Kosovo neither offers an attractive incentive package to potential investors nor has it created a competent promotion agency. However, Kosovo has had some success already in attracting foreign investment and we will build upon and leverage this experience to identify and promote specific investment opportunities. Our strategy for FDI includes work on supply, identifying and preparing investment ready companies, demand, developing a network of potential investors, and intermediation, finding cost effective ways to getting the parties together.

**Progress:** The focus this quarter has been to identify and prepare firms that may be attractive to investors. KPEP has identified the Economic Initiative for Kosovo (ECIKS), which is based in Vienna and partially funded by the Austrian government, as a capable partner, with whom it proposes to undertake investment attraction initiatives. KPEP's FDI plan includes a seminar on FDI, to educate firms on what all is involved when dealing with an investor, and to train a number of consultants on how to conduct due diligence and compile investment briefs. KPEP will commission the development of briefs of companies that are interested in an investor and considered to be an attractive investee. These briefs will then be promoted by ECIKS and other organizations, such as the NAAC.

**Activity 1: Support Foreign Direct Investment Workshop (ongoing)**

Artur Chabowski, an investment and privatization expert will hold the KPEP Foreign Direct Investment Workshop for interested companies and consultants on April 24-25, 2009. More than 30 firms, identified by the KPEP sector specialists, were invited to the workshop. The workshop will discuss different forms of investment and will educate firms about what to expect when dealing with an investor. The consultants will be trained on how to conduct due diligence on selected firms, and on how to compile an investment brief.

**Activity 2: Prepare investment briefs for high prospect local firms (ongoing)**

The consultants for this activity, which will follow the workshop of April 24-25, have been identified. KPEP plans to retain 6-8 consultants. The anticipated timeline for this activity is May/June 2009.

**Activity 3: Identify and network with potential investors particularly from the Diaspora community (ongoing)**

KPEP has been in discussions with ECIKS since late 2008. We have tentatively agreed that ECIKS will participate in the FDI workshop, and will market the investment briefs, once completed. This activity will likely start in the fall. KPEP has also been in regular communication with the NAAC and plans to use them as an investment marketing partner in a similar way that we are planning to engage ECIKS.

**Activity 4: Support specific investors (ongoing)**

KPEP has been contacted by a potential investor from Wisconsin, who wishes to improve the quality of commercial dairy farming in Kosovo. Representatives of the investor visited Kosovo in March. KPEP set up a number of meetings, including one with ECIKS, and provided information and advisory.

***Activities for the coming quarter:*** These will include continued assistance with the FDI initiative and to build capacity of legal consultants.

## **IV. COMPONENT 4: WORKFORCE DEVELOPMENT**

Improving the competitive position of Kosovo business firms and sectors is the overall aim of workforce development. Skilled workforce is and will be required to support and implement the changes and measures in quality management, to adopt value-added processes and procedures to ways of doing business, to connect to (and communicate with) new markets in the region and in the world. As the entire Kosovo economy moves towards 21<sup>st</sup> century market competitiveness, development of skills in current and future workforce participants, and access for both students and the unemployed to jobs and new professions will be a crucial requirement.

Following extended planning activities in the first quarter of the project, KPEP now intends to pursue both immediate activities, and longer-term, system building priorities in the workforce development arena. An intensive re-planning process has resulted in concrete plans for training, which can be considered as “fast acting”, that is to say, initiated soon and executed within the current year, and “time-release”, in most cases planned during this year, and executed beginning in the next year and (often) continuing into subsequent years.

Workforce Development (WfD) interventions in KPEP will align with targeted sectors, the pre-selected sectors of construction and agriculture, the transactional sectors of tourism, recycling, decorative stones and metal fabrication, as well as part of our cross-cutting workforce development strategies. Some of the pilot activities that have been initiated in this quarter, and others that will be initiated in the next quarter, cut across sectors and are aimed at improving skills and opening job opportunities for youth.

The current staff of the KPEP WfD Component was hired and began work in early March 2009. The component WfD specialist began work, on a part-time basis on March 2 and became full-time on March 16. The component lead, which was hired for an 8-week period, began work on March 9. A STTA was contracted to assist in the preparation of a Work Plan from March 6 to 11. The Work Plan was vetted by the KPEP leadership and was approved in late March by USAID. The work of the component that is reported in this quarterly report actually refers to the period from March 2 to 31.

The WfD component supported training with the following sectors during this period:

- Agriculture:
  - Design of Dairy Internship Program
  - Initial discussions and planning for training inspectors for new Food Safety Agency
- Wood:
  - Preparation of SOW for kiln drying training.
  - Preparations for training in furniture design
- Construction:
  - Initial discussions and planning for ready-mix concrete
  - Initial discussions and planning for road design training
  - Initial discussions for design of feasibility plan for heavy equipment operators

**Objective 1: Foster market-oriented education and training to prepare skilled workers.**

**Anticipated Results:** University students will be trained through internships or special competitive events, and it is anticipated that they will be hired. In this quarter plans were developed for two internships and one competitive event. A total of 32 university students are targeted. During this first fiscal year of the program only university students will be targeted.

**Progress:** Important progress has been made in this reporting period toward achieving this objective. (See details below.)

**Activity 1: Conduct pilot business and economics internship program (ongoing)**

The program will place up to 8 university students in institutions that focus on improving the competitive position of Kosovo business firms and sectors. The internship will be finalized and initiated in the next quarter, and is planned to be completed in the first quarter of next fiscal year

**Activity 2: Support the Business Case Challenge (ongoing)**

World University Service (WUS) Austria holds an annual Kosovo Case Challenge representing a sub-competition for the Balkan Case Challenge. Each University Business student competitor will present a case focusing on export of wood products. KPEP WfD, with support from the Wood sector, developed the case. The Wood Sector specialist provided guidance and materials to the students.

The competition will be held in mid-April. KPEP Director will speak at the opening event and two KPEP specialists will participate on the jury. Two top finalists will travel to Vienna, Austria in July to compete in the Balkan Case Challenge. It is anticipated that all finalists will either be hired or receive scholarships to continue studies at the graduate level.

**Objective 2: Conduct management, general business and entrepreneurial training**

**Anticipated Results:** Through this training, KPEP expects to see improvements in business management as well as fewer failures among new enterprises. These results will be tracked on an intervention-by-intervention basis.

**Progress:** Sector selection interviews conducted in March 2009 with association officials and employers underscored a common need for management and general business training. Additionally, access to entrepreneurial training is indicated for school leavers and workers interested in starting businesses. KPEP will partner with capable training providers to address these critical needs. It is anticipated that 25 per cent of the participants in the entrepreneurial pilot will be able to start up a micro-enterprise and 30 percent will either obtain initial employment or better their current employment level. Implementation is only at the earliest phase of planning.

**Activity 1: Identify and conduct entrepreneurship/business skills training (ongoing)**

KPEP WfD developed a concept paper, and explored potential sites for a pilot exercise. The aim is to identify two municipalities that are not major targets (i.e. do not have many donors implementing programs for youth), identify a potential host organization (NGO, municipal



agency, community association) and can confirm interest and ability to recruit participants and provide space, equipment, furnishings and basic services.

During the next period, KPEP WfD will identify and agree on the sites as well as the training program, materials and provider. The participants will be recruited and the programs will be implemented in the two pilot sites. It is expected that this pilot program will serve as a test whether local organizations are willing and capable to serve as hosts for new innovative programs for youth.

**Objective 3: Provide USAID-trainees with quality job counseling and placement services.**

**Anticipated Results:** Job counseling entails helping trainees gain a better understanding of themselves in relation to the world of work. Resultant insights help job seekers make informed decisions and achieve employment ambitions. To this end, KPEP intends to assist trainees with vocational choice, change and adjustment, provide guidance to reduce barriers to employment, disseminate essential labor market information, provide information on occupational requirements, provide assistance on job search and CV preparation, provide coaching to job seekers for job interview preparation, conduct employability workshops and soft-skills trainings, and provide employment follow-up and aftercare. The end result sought is jobs for youth.

**Progress:** During this period a concept paper was developed for the creation of youth employment centers and preliminary meetings were held in several municipalities to explore interest.

**Activity 1: Conduct feasibility study for creation of YES Center Network (ongoing).**

KPEP developed a concept paper for a Feasibility study for creating a network of YES Centers. After review and approval by USAID it will be presented to EG/RCI for consideration of funding. If not accepted, KPEP will proceed to prepare a RFP and fund the study itself. It is anticipated that the study will be implemented during the final quarter of this fiscal year. The WfD team will continue to visit municipalities to meet with and document current programs for youth.

## **V. MANAGEMENT AND OPERATIONS**

### **A. PERFORMANCE BASED-MANAGEMENT SYSTEM**

#### **1. Summary**

The Performance Based Management System (PBMS) monitors progress against program targets, facilitates reporting of the results attributable to KPEP efforts and provides data for reporting to USAID. It identifies successful enterprise, sector and industry clients, interventions and consultants and allows the team to compare projected results to actual results on a monthly, quarterly, semi-annual and annual basis. During this quarter, the final PBMS manual was submitted to USAID. The baseline and targets are set for (almost) all indicators for the LOP. Except indicators previously agreed with USAID, KPEP added two additional indicators on SO level: Indicator 3: Value of sales, by sector - Kosovo-wide, and Indicator 4: Number of people employed, by sector - Kosovo-wide. The baseline data for Indicator 3 will be collected from Tax Administration, while baseline data for Indicator 4 will be collected from Department for Labor of the Ministry for Labor and Social Welfare.

The current economic and financial crisis has hit Kosovo exports. For two months of this year (January and February) total value of exports was €14.5 million (the data for March is not yet available). For the same period of the previous year, of total value of exports was €25.5 million. Besides the fact that imports decreased (€225 million in 2009 comparing to €232 million in 2008) exports coverage declined from 11% in 2008 to 6.4% in 2009.

#### **2. Data collection**

The KPEP specialists worked with the client enterprises to establish baseline data. For enterprises, baseline data is relative to jobs, sales, production, investments, foreign direct investment and partnerships. The KPEP specialists are responsible for data collection from enterprises. The PBMS Specialist reviewed the information received, performed logical control, assured its quality and confirmed with the sector specialists certain data on the quarterly reports. After that, the PBMS specialist entered the data into the project's database. The reports produced from access database and excel spreadsheets are used for inclusion in quarterly reports to USAID. Initial baseline data is recorded for the period just prior to implementation of activities that contribute to achievement of results, enabling comparison when measuring progress toward a specific result or objective. The baseline provides a snapshot of a performance indicator as a point of reference.

During this quarter, the data has been collected from 36 companies in three sectors (Agriculture, Construction, Forestry and Wood processing):

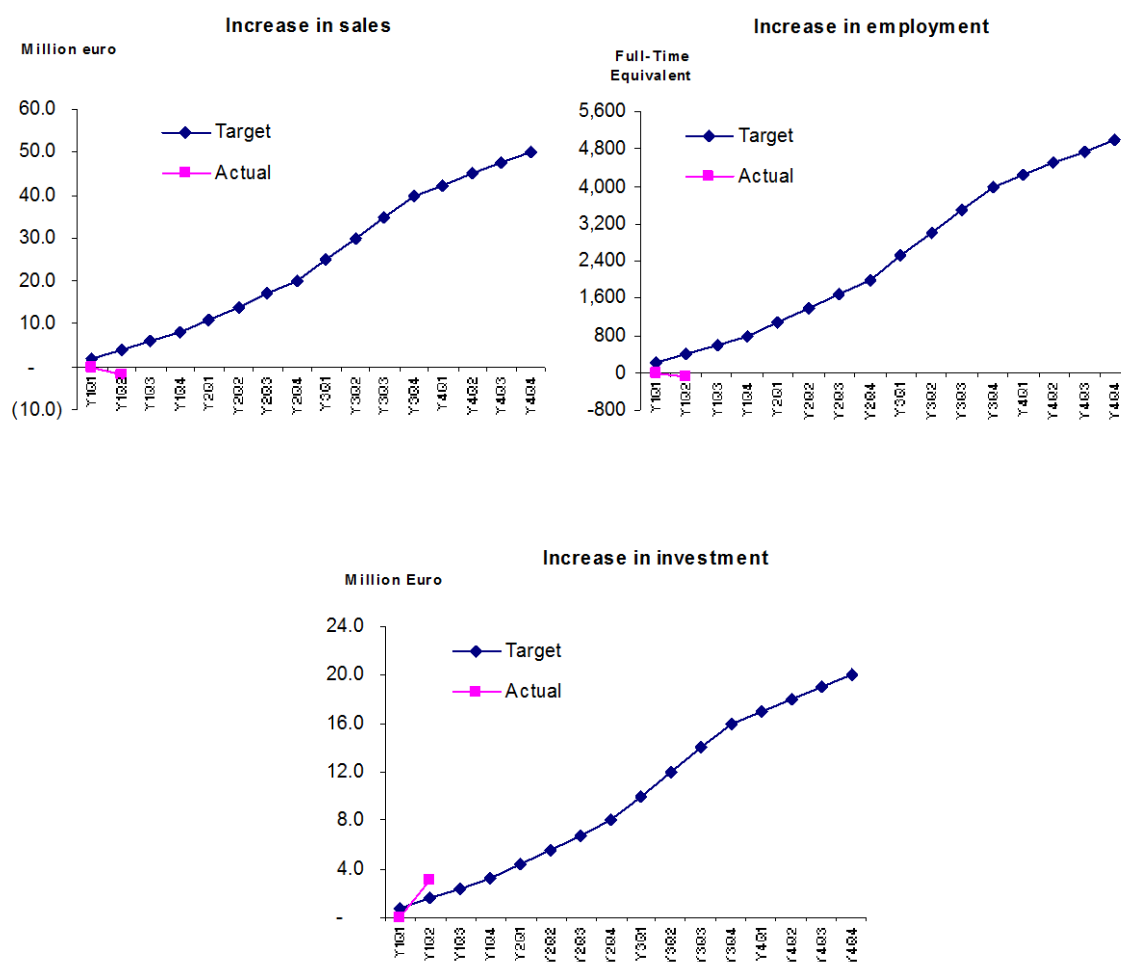
- 19 enterprises in agriculture sector
- 13 enterprises in construction sector
- 4 enterprises in forestry and wood products sector

### 3. Performance summary of key indicators

Performance of key indicators at the quarter end is as follows:

#### After 6 Months of KPEP

	Target	Actual
Number of companies assisted	48	36
Increase in sales – Euros (in millions)	4.0	(1.8)
Increase in sales over baseline - %	38.3%	(16.9%) <sup>1</sup>
Increase in FTE jobs	400	(80)
Increase in investment – Euros (in millions)	1.6	3.02



<sup>1</sup> This figure represents the percentage of total sales to date over total ANNUALIZED baseline sales by companies currently in the database. Total sales to date are €8,673,379 and total annualized baseline figure for companies is €10,441,615.

#### 4. Sector specific data (Transformational Sectors)

##### 4.1. Agriculture Sector

The aggregated data for the key performance indicators for the sector

Number of enterprises assisted	19
Increase in sales - Euros (in millions)	(2.33)
Increase in FTE jobs	(86)
Increase in investment – Euros (in millions)	0.29

##### 4.2. Construction Sector

The aggregated data for the key performance indicators for the sector

Number of enterprises assisted	13
Increase in sales – Euros (in millions)	0.81
Increase in FTE jobs	2
Increase in investment – Euros (in millions)	2.69

##### 4.3. Forestry and Wood Products Sector

The aggregated data for the key performance indicators for the sector

Number of enterprises assisted	4
Increase in sales – Euros (in millions)	(0.25)
Increase in FTE jobs	4
Increase in investment – Euros (in millions)	0.04

No data was reported on transactional sectors. Baseline data was collected for four ICT enterprises, however these companies failed to provide quarterly data, so their performance will be captured starting from the following quarterly report.

#### 5. Sales data

Total value of sales for the quarter on program level is €8,673,379. The sales value in Agriculture sector is €5,678,159, in Construction sector is €2,574,400 and in Forestry and Wood Products sector is €420,820.

The baseline value of the sales for the same period of previous year is €10,441,615. The baseline sales value in Agriculture sector is €8,005,426, in Construction sector is €1,766,209 and in Forestry and Wood Products sector is €669,980.

So, there is a decrease in the program level of sales for -1,768,236 Euros. Main ‘contributor’ to this decrease is agriculture with -2.3 million Euros, while construction marked an increase in sales for 0.81 million Euros, thus reducing deficit for the program as a whole.

## **6. FTE Jobs data**

Total number of FTE jobs during this quarter is 213. The number of FTE jobs in Agriculture sector is 80, in Construction sector is 82 and in Forestry and Wood Products sector is 51. Below is graphic of the total FTE jobs by sector.

The baseline number of the FTE jobs for the same period of previous year is 293. The baseline FTE jobs number in Agriculture sector is 167, in Construction sector is 79 and in Forestry and Wood Products sector 47.

So, also for employment there is a decrease in the program level of FTE jobs for 80. Main ‘contributor’ to this decrease is again agriculture with -87 FTE jobs, while there was slight increase in other two sectors, thus reducing deficit for the program as a whole to -80.

## **7. Investment data**

Total value of investment for the quarter on program level is €3,022,465. The investment value in Agriculture sector is €295,465 in Construction sector is €2,686,000 and in Forestry and Wood Products sector is €41,000. Below is graphic of the total investments by sector.

Since the baseline value was taken as zero, the total value of investments in fact represents also the increase in investments.

## **8. Quality of the data**

The sector specialists are responsible for the first-level data quality control. The quality checks have been made to ensure that data collected and included in the database are accurate and reliable. Every single transaction entered in the database was double checked for accuracy.

## **9. Data verification**

From the start of the next quarter, the PBMS specialist will start to conduct site visits and interviews with representatives from the client enterprises and organizational partners to verify the results that have been reported. In addition to verification of the accuracy and consistency of the results reported, the PBMS specialist also will determine whether the results were caused by the KPEP intervention and thus attributable to the project.

## **10. Status of the Indicators**

The status of Project Indicators is set out in the Annex 1 entitled *Report on Indicators*. This Annex gives the status of all indicators from the PMP.

## B. STRATEGIC ACTIVITIES FUND

KPEP sent to USAID its draft SAF manual for approval on December 22, 2008. After revisions to the draft based on USAID comments, KPEP received approval for the manual on March 3, 2009.

At the same time, KPEP began drafting its Annual Program Statement (APS) for SAF. The APS is a programmatic document which provides information about KPEP and the Strategic Activities Fund (SAF) program objectives and plans for the period ending September 2009, and encourages eligible organizations to submit innovative concept papers / applications for grant support through SAF to KPEP. KPEP sent the APS to USAID for review and approval on April 8. KPEP received approval with comments for changes which were accepted by KPEP on April 8 date. It will be published on the KPEP website on April 17.

As a result of the series of KPEP stakeholders and outreach meetings in Pristina and other major cities in Kosovo in December 2008 – February 2009, numerous stakeholders and organizations were informed directly or indirectly about SAF and the funds available through this tool. Additionally, KPEP provided on its website general information about SAF and published a Concept Paper form to be completed and submitted to KPEP by parties wishing to apply for KPEP funds.

As a result of this initial outreach effort, from project start up through the end of this reporting period, KPEP received 43 concept papers; 33 in response to a call for concept papers for the Kosovo Premier Advisors training event organized by KPEP, and 10 unsolicited concept papers. From these 10, four were approved, one is in the process of review, and five were rejected.

Of the four awarded concept proposals, two were developed into Fixed Price Subcontracts, and two into Grants. The total award amount for this period is €33,878 (\$45,171)

Type of Awards	
Type of Award	Approved Euros
Subcontract	€12,970.00
Grants	€20,900.00
<b>Total</b>	<b>€33,878.00</b>

The awarded grants and subcontract were awarded to organizations that belong to the following KPEP approved sectors/components; Road construction, ICT, Agriculture, and Workforce Development.

Distribution of Grants by Sector	
Sector	Percentage of total
Agriculture	47%
Road Construction	32%
Workforce Development	15%
ICT	6%
<b>Total</b>	<b>100%</b>

The fixed price subcontracts were awarded to Index Kosova and Project Graphics for the implementation of; “Survey on Heavy Equipment Machinery and HME Operators for RCAK” and “Support STIKK participation in ICT Trade Fair in Prishtina”, respectively. The two grants were awarded to World University Service Austria and Farmer Association Perdrini for implementation of “Support Kosovo Case Challenge 2009” and “Pepper seedling plantation machine and management of demonstration plots for new varieties of Peppers” respectively.

From total value of awards 47% are to support activities from which will benefit micro enterprises.

Distribution of Awards by a Type of Enterprises		
Enterprise	% of total	Euros
Non Micro Enterprise	53.07%	€17,9787
Microenterprise	46.93%	€15,900
<b>Total</b>	<b>€33,878.00</b>	<b>33,878</b>

At the end of this quarter, KPEP organized its first concept paper review committee. KPEP will meet on a bi-weekly basis to review concept papers received in the preceding two weeks. The members of the review committee are: Chief of Party, Operations Director and component leads. For each concept paper to be reviewed a sector/technical specialist who will make a recommendation for approval or rejection, request for additional information or revisions. The review committee deliberates on each concept paper proposal and makes a unanimous decision on each. For concept papers that are approved by the committee the SAF manager will encourage the submitting entity to develop a full grant proposal for submission to KPEP. The SAF manager will hold a meeting with prospective applicants to educate them on how to correctly complete and submit a full grant application to KPEP.

## C. COMMUNICATIONS

**Outreach Events:** After an initial stakeholder meeting in Pristina in December to introduce KPEP to a wider audience, KPEP continued its outreach initiative with a series of presentations in Peja, Ferizaj, Mitrovica, Gjilan, Gjakova, and Prizren. The first KPEP outreach meeting was held in Peja on January 21. KPEP had received strong support by the mayors’ offices of Peja and Decan in getting the word out: Over 120 stakeholders attended the KPEP presentation in Peja, including Devolli, Elkos and Dukagjini, the largest enterprises of the Peja municipality. The event was covered by the local TV Dukagjini, as well as the Koha Ditore and Express daily newspapers.

More than 70 businesses attended the stakeholder meeting in Ferizaj on January 23. The KPEP stakeholder meeting in Mitrovica on January 28 was attended by the Deputy Mayor and more than 80 businesses. Representatives from agriculture and construction sectors were particularly interested in the Strategic Activities Fund, the KPEP grant program. The Mayor of Gjilan opened the KPEP stakeholder meeting on January 30. He discussed the relevance of KPEP to businesses in Kosovo and called upon all stakeholders to support the KPEP agenda. The local TV of Gjilan covered the event. The Strategic Activities Funds was also a key discussion point during the outreach meeting in Gjakova on February 2. The meeting was covered by the local TV station Syri as well as the daily newspapers Koha Ditore and

Express. The final KPEP Road Show meeting was held in Prizren on February 6. It was attended by more than 80 business owners.

In total, more than 500 stakeholders heard about KPEP and its proposed activities during this two week outreach effort. KPEP met many new stakeholders and learned about opportunities and challenges for business in the different regions of Kosovo. KPEP will continue this outreach program in other towns in Kosovo.

**Donor Coordination:** KPEP has also reached out to the stakeholders of other projects, including the project Initiating Positive Change, implemented by AED, which focuses primarily on minority community initiatives, and has provided briefings to other donor organizations, such as the World Bank and DFID, through our donor coordination efforts.

**Fact Sheets:** In preparation for the outreach meetings and as a communications and education tool for its stakeholders, KPEP developed a series of “fact sheets” about the sectors and components that KPEP plans to engage in. These fact sheets were also posted on the KPEP website, [www.usaidkpep.org](http://www.usaidkpep.org).

**Website:** The website is also a primary communications tool for information about the KPEP Strategic Activities Fund (SAF), which over the life of the project will disburse close to \$4 million. KPEP has made available on its website general information about the grant fund and how to access it, and posts requests for proposals and information about awards on the website.

The website further informs about KPEP news and ongoing activities and posts job and business opportunities.

## **D. PROGRAMMATIC AND ADMINISTRATIVE SUPPORT**

The PMU is an integral part of the team’s communications, leadership, and technical delivery working collaboratively with the field, Booz Allen headquarters, and USAID. At Booz Allen, the PMU provides not only routine administrative support, but also ensures the firm’s lessons learned, experience and corporate values are properly integrated and disseminated throughout the project team. The PMU serves as a liaison, advisor, and a technical expert to ensure successful project implementation and client satisfaction.

This quarter, the Project Management Unit (PMU) culminated the successful registration of the Booz Allen Branch field office in Kosovo concluding several months of deep legal and fiscal research that provided the soundest recommendation for the firm. Closely collaborated with field operations to present and submit all the necessary and compliant information and paperwork to open the entity.

The PMU conducted analytical and quantitative research in support of field technical needs and provided substantive input to all major deliverables, including sector selection report, work plan, quarterly report, and weekly reports.

During the earlier part of the quarter, the PMU spearheaded key personnel changes in the field preparing various staffing scenarios for internal discussion as well as searched and identified appropriate candidate(s) (external and internal) for consideration. Provided leadership advice to the former Chief of Party to ensure personnel transition was properly conducted. Informed and closely worked with subcontractor to handle transition in an



orderly and compliant fashion. In addition, the PMU drafted and recommended a three-prong staffing approach to provide technical support to the workforce development position, which became vacant unexpectedly

The PMU served as a liaison between the project field team and our project subcontractors, and initiated and completed the various modifications necessary to field both independent consultants and subcontractor staff. This has included the preparation of statements of work (SOWs) and budgets for those team members. PMU has processed and completed all the corresponding deployment and mobilization documentation including conducting appropriate due diligence for all candidates. Specifically, PMU has processed mobilization paperwork and has fielded over 10 sector specialists this quarter, and has submitted staffing authorization requests for nearly 30 STTA experts, both expatriate and TCN/CCNs. The PMU worked hard to negotiate the labor rates for TCN/CCNs that provide the best value to the client and U.S. taxpayers.

The Unit has reviewed and reconciled Operations Expense Reports working closely with field staff to adjust/correct, where necessary. To ensure the most efficient use of funds, the PMU closely tracked program expenditures with detailed financial management which included budget tracking and analysis. Prepared and submitted quarterly accruals report to USAID.

The Project Management Unit coordinated the de-mobilization of former Workforce Development Lead (Mr. Hurst) and was able to promptly coordinate the mobilization of new Chief of Party, Mr. David Cowles. For the latter, conducted several pre-deployment meetings to bring new COP up to date on several outstanding issues both related to home office subcontracting, budget tracking/review, among others.

Finally, PM and new COP (before mobilizing) met with Mimoza Kusari-Lila, Executive Director of the American Chamber of Commerce in Kosovo, at Booz Allen's Headquarters to continue to deepen the relationship between KPEP and the Chamber. PMU has established a solid working relationship with Ms. Kusari-Lila.

## Annex 1. Report on Indicators

### IR.1.3 (1) Accelerated Growth of Private Sector

**Indicator:** Exports as a % of imports, by sector - Kosovo Wide

#### **ANNUAL REPORT INDICATOR**

Baseline set for CY 2008: 10.2 %

Target for FY 2009: 11.0 %

Actual data for FY 2009: This indicator will be reported annually.

Definition of the indicator: The total value of exports divided by the total value of imports, by sector. The data will be provided from customs authorities. The baseline data represents the value of exports of €195.9 million compared to the value of imports of €1,927.9 million for the period January-December 2008.

### IR.1.3 (2) Accelerated Growth of Private Sector

**Indicator:** Foreign direct investment, by sector – Kosovo Wide

Baseline data for CY 2008: €357,400,000

Target for FY 2009 €430,000,000

Actual data for FY 2009: This indicator will be reported annually.

Definition of the indicator: Value of private investment. Enterprise investment is defined as spending related to operational capital, technology, land, and infrastructure. Baseline data was received from Central Bank of the Republic of Kosovo.

### IR.1.3 (3) Accelerated Growth of Private Sector

**Indicator:** Value of sales, by sector – Kosovo Wide

Baseline data for CY 2008: TBD

Target for FY 2009 TBD

Actual data for FY 2009: This indicator will be reported annually.

The definition of the indicator: Value of goods and services sold during the year measured as gross business sales.

The data for this indicator will be collected from Tax Administration of Kosovo. The baseline data was not collected yet from TAK, since the processing of the data is not finalized yet. The baseline data will include period January-December 2008.

### IR.1.3 (4) Accelerated Growth of Private Sector

**Indicator:** Number of people employed, by sector – Kosovo Wide

Baseline data for CY 2008: 453,000

Target number for FY 2009 TBD

Actual data for FY 2009:

This indicator will be reported annually.

The definition of the indicator: Number of people employed disaggregated by sector.

The baseline data for this indicator was collected from Macroeconomic Department of MFE. It is an estimate of the number of people employed in 2008. However, it is difficult to have an accurate number, since many employees working in private sector are not formally registered.

### **IR.1.3.1 (1) Increased Competitiveness of Key Sectors**

#### **Indicator: Increase in Sales in Target Sectors**

Baseline data for FY 2008:	€71,604,715
Target Increase for FY 2009:	8,000,000 over baseline
Cumulative sales to date for FY2008	€8,673,379
Increase in sales – in Euros	-€1,768,236
Actual % increase in sales:	-16.9%

The definition of this indicator: Value of goods and services sold during the year is measured as gross business sales. It is an aggregate of all business sales related to the sector over a given period. This is measured for enterprises that receive KPEP support directly or through SAF.

Annual baseline established from the data received from sector specialists is €71,604,715. The figures for sales are calculated on enterprise level first, and then aggregated in the category of sales. The methodology for calculating this indicator is as follows: Total cumulative sales from start of the project to date are measured and compared with the baseline sales for the same comparative period of the previous year. For e.g., if we worked with the company for 3 months (from January 09 till March 09) and we have sales data for these months, that figure will be compared with 3 months of the baseline (January 08 till March 08). The baseline sales using this methodology (for three months of the previous year) are €10,441,615, while actual sales data for this quarter are €8,673,379. Consequently we have a decrease over baseline of -€1,768,236, which represents -16.9% of decrease in sales over baseline by the end of this quarter.

### **IR.1.3.1 (2) Increased Competitiveness of Key Sectors**

#### **Indicator: Increase in investments in target sectors**

Baseline data for FY 2008:	Taken as Zero
Target Increase for FY 2009:	€3,200,000
Cumulative Increase in investment	€3,022,465

The definition of this indicator: Value of capital investments disaggregated by target enterprise, micro enterprise and by sector.

The data is received from target enterprises from all sectors. Since the baseline was established at zero level, total value of investment for the sector, represents also total increase in investments during this quarter. The specific data on each sector's investments will be provided in separate report.

**IR.1.3.1 (3) Increased Competitiveness of Key Sectors****Indicator: Increase in jobs created in target sectors****ANNUAL REPORT INDICATOR**

Baseline data for FY 2008: 1,327 FTE

Target Increase for FY 2009: 800 FTE

Actual job increase to date for FY 2009: -80 FTE

The definition of this indicator: Number of jobs created, disaggregated by target enterprise micro enterprises, and by sector, in terms of full-time equivalent jobs in target enterprises. Person days of employment (part-time employment) are converted to annual full-time equivalent -FTE jobs using 225 days of labor per year.

The baseline and actual data is received from target enterprises from all sectors. The decline in FTE during this quarter is mainly because of the weather conditions, since most of the KPEP sectors are heavily dependent on weather conditions. The weather during the same quarter of previous year (baseline period) was much better, meaning that most of the companies last year started their operations much earlier (for example construction companies.) The same comment is applicable also for other indicators. Baseline collected from 36 companies provides with 1,327 FTE for entire 2008. In the first quarter only, the total number is 213 FTE. When comparing with 293 FTE from the same period of previous year, the result is a decline in employment for 80 FTE.

**IR.1.3.1 (4) Increased Competitiveness of Key Sectors****Indicator: Number of enterprises assisted in target sectors**

Baseline data for FY 2008: 36

Target number for FY 2009: 61

Actual number of enterprises 36

The definition of this indicator: Number of enterprises assisted directly by the project, disaggregated by micro enterprise.

Actual number of enterprises is 36, which presents total number of directly assisted enterprises by KPEP for the quarter. From the total number, 19 enterprises are in agriculture sector, 13 in construction and 4 in forestry and wood processing.

**IR.1.3.1 (5) Increased Competitiveness of Key Sectors****Indicator: Number of new start-ups in target sectors**

Baseline data for FY 2008: Taken as Zero

Target Increase for FY 2009: 7

Actual Increase in FY 2009: This indicator will be reported annually.

Definition of the indicator: Number of new start ups, disaggregated by micro enterprise and sector.

The baseline for this indicator is taken at level zero. The data will be received from Agency for Business registry. The purpose of tracking this indicator is to monitor the trend of the development in each targeted sector. Increase in the number of new start-ups might be an indication that the economic and business environment in KPEP's targeted sectors is evolving, and then we could measure also the contribution of the project's efforts.

#### **IR.1.3.1 (6) Increased Competitiveness of Key Sectors**

##### **Indicator: Number of partnerships**

Baseline data for FY 2008: Taken as Zero

Target Increase for FY 2009: 10

Actual number of partnerships in FY 2009: 2

Definition of the indicator: Number of partnerships as a result of KPEP assistance. Partnerships refer to any strategic affiliation between businesses, including also partnerships with foreign businesses, and disaggregated by type of partnership.

During this quarter two companies in agriculture sector have created long-term partnerships with Austrian and Bulgarian counterparts, respectively.

#### **IR.1.3.1 (7) Increased Competitiveness of Key Sectors**

##### **Indicator: Number of entrepreneurs receiving services supported by USAID**

Baseline data for FY 2008: Taken as Zero

Target Increase for FY 2009: 0

Actual number in FY 2009: This indicator will be reported annually.

Definition of the indicator: Number of entrepreneurs receiving directly from KPEP program, or indirectly through associations or other service providers.

The baseline for this indicator is taken at level zero. The actual data will be received from target enterprises from all sectors.

#### **IR.1.3.2 (1) Improved and Demand Driven Business Support Services**

##### **Indicator: Number of enterprises and associations providing business support services**

Baseline data for CY 2008: 11

Target for FY 2009: 20

Actual number in FY 2009: 11

Definition of the indicator: Number of enterprises and associations providing business support services that are assisted by KPEP.

The number of baseline service provider companies is 11. In fact, this is the number of companies that participated in Premier Advisor Training, except one company that did provided with baseline data, but later refused to provide the actual data for the quarter.

**IR.1.3.2 (2) Improved and Demand Driven Business Support Services****Indicator: Increase of sales among BSPs**

Baseline data for CY 2008:	€551,252
Target for FY 2009:	€40,000 over baseline

Actual sales in FY2008:	€210,220
Actual Increase in FY 2009:	€ 76,295

Definition of the indicator: Value of sales among targeted BSPs, supported by KPEP and disaggregated by export sales.

The baseline sales of €551,252 represent the sales of the 11 companies from the Premier Advisor Training. Since the number of companies didn't change in this quarter, the actual sales of €210,220 represent the total value of sales of 11 companies during the quarter. Increase of €76,295 represents difference between actual data on sales for the quarter of €210,220 over baseline data for the same period of the previous year of €133,925.

**IR.1.3.2 (3) Improved and Demand Driven Business Support Services****Indicator: Increase in jobs created among USAID supported BSPs**

Baseline data for FY 2008:	49
Target Increase for FY 2009:	8 FTE

Actual job increase to date for FY 2009:	4 FTE
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Definition of the indicator: Number of jobs created, among target business service providers, in terms of full-time equivalent jobs. Person days of employment (part-time employment) are converted to annual full-time equivalent -FTE jobs using 225 days of labor per year.

The baseline data on jobs is taken at level zero. The actual increase in jobs represents the number of FTE for 11 companies from the Premier Advisor Training. The actual data on jobs for the quarter is 15.63 FTE jobs, compared to 11.75 FTE jobs baseline data for the same period of the previous year. So, increase in FTE jobs is 3.88 FTE jobs, or approx. 4 FTE jobs.

**IR.1.3.2 (4) Improved and Demand Driven Business Support Services****Indicator: Progress on the Association Development Index**

Baseline data for CY 2008:	1.59
Target for FY 2009:	1.60

Actual Progress in FY2008:	This indicator will be reported annually.
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Definition of the indicator: Progress made by associations on eight elements of the Association Development Index for associations targeted by KPEP.

The "Association Development Index as Applied to Selected Associations in Kosovo" assessment was conducted for associations of various businesses in the Republic of Kosovo. Sixteen business associations were chosen for this purpose. The data was collected using an

evaluation tool/questionnaire, i.e. the Association Development Index, provided by USAID KPEP. The Index identified eight elements key to effective association management and was supplemented with questions to enhance understanding of each element. Evaluations of the individual associations were used to create the overall recommended baseline. That baseline was developed using statistical averages of mean, median and mode. The recommended baseline is 1.59, which is the median score. The idea is to conduct this type of assessment each year to monitor the progress of associations.

#### **IR.1.3.2 (5) Improved and Demand Driven Business Support Services**

**Indicator:** Number of consultants trained/certified to provide business support service

Baseline data for CY 2008: Taken as zero

Target for FY 2009: 70

Actual number to date in FY 2009: 19

Definition of the indicator: Number of consultants trained/ certified to provide business support services, trained by KPEP or a target BSP, supported by USAID.

KPEP organized and sponsored various trainings; however two of those events belong to this indicator: intensive training program “Premier Advisor Training” and “So, you want to be a consultant” for former KCBS staff. In these two trainings participated in total 19 Business Support Service Providers. The purpose of the training is to prepare and train BSPs to provide better services for business community in Kosovo.

#### **IR.1.3.3 (1) Improved Business Operating Conditions**

**Indicator:** Progress on the Business Environment Index (BizCLIR)

Baseline data for CY 2008:

1.1	Contracts	18%
1.2	International Trade	34%
1.3	Foreign direct investment, by sector	40%

Target for FY 2009:

1.1	Contracts	25%
1.2	International Trade	41%
1.3	Foreign direct investment, by sector	48%

Actual Progress in FY 2009: This indicator will be reported annually.

Definition of the indicator is: Progress in key areas that represent the business enabling environment.

The mechanism for monitoring the BEE is the set of Commercial Legal Institutional Reform Assessment Indicator scores compiled for USAID in 2004 and updated in 2006. A 2009 update conducted by KPEP established a baseline, and subsequent updates will chart progress of indicators and subcategories relevant to KPEP activities each year.

**IR.1.3.3 (2) Improved Business Operating Conditions****Indicator: Progress on the policy index**

Baseline data for CY 2008:	Taken as zero
Target for FY 2009:	70%

Actual Progress in FY 2009:	17%
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Definition of the indicator: The number of policies that have met or exceeded established targets on the policy index using percentage of completion.

BEE team started to work on 7 (seven) policies, including:

- Public Private Partnership (1 out of 7 steps)
- CEFTA implementation (0 out of 9 steps)
- Removal of Tariffs on certain wood imports (4 out of 8 steps)
- Revision of Waste Management Policy (2 out of 13 steps)
- Implementation of the Food and Veterinary Law (1 out of 6 steps)
- Pilot Forest certification (1 out of 13 steps), and
- Law on Construction – Guidance on appropriate action regarding draft law (1 out of 7 steps).

Overall score for seven policies is 17%, calculated as weighted average of completion of all policies taken together.

**IR.1.3.4 (1) Improved Capacity of the Workforce to Engage in Employment Opportunities****Indicator: The number of individuals trained through USAID sponsored training**

Baseline data for CY 2008:	Taken as zero
Target for FY 2009:	700

Actual number to date in FY 2009:	731
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Definition of the indicator: The number of individuals trained, disaggregated by gender, age, ethnicity, sector, type of training etc.

The total of 731 people trained covers period from the beginning of the project until now. Since the information on training was not reported in the first quarter, the data was incorporated in this quarterly report. In total, 25 training events occurred during this period. From total number of people trained, there were 630 participating in presentations organized or supported by KPEP and 101 participants that attended trainings. From total of 731 people trained, only 73 were female, while 658 were male.

**IR.1.3.4 (2) Improved Capacity of the Workforce to Engage in Employment Opportunities**



**Indicator: Number of training certifications**

Baseline data for CY 2008:	Taken as zero
Target for FY 2009:	80

Actual number to date in FY 2009:	0
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Definition of the indicator: Number of training certifications earned by participants for completing the training.

No certification activity took place during the quarter.

**IR.1.3.4 (3) Improved Capacity of the Workforce to Engage in Employment Opportunities****Indicator: Number of program participants that obtain employment**

Baseline data for CY 2008:	Taken as zero
Target for FY 2009:	TBD

Actual number to date in FY 2009:	This indicator will be reported annually.
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Definition of the indicator: Number of program participants that obtain employment, disaggregated by gender, ethnicity.

**IR.1.3.4 (4) Improved Capacity of the Workforce to Engage in Employment Opportunities****Indicator: Number of individuals provided with services**

Baseline data for CY 2008:	Taken as zero
Target for FY 2009:	800

Actual number to date in FY 2009:	0
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Definition of the indicator: Number of individuals provided with services, disaggregated by type of service: counseling, referrals, placement, gender and ethnicity.

The results as per that indicator are zero since the activities started in March.

**IR.1.3.4 (5) Improved Capacity of the Workforce to Engage in Employment Opportunities****Indicator: Number of internship programs**

Baseline data for CY 2008:	Taken as zero
Target for FY 2009:	3

Actual number to date in FY 2009:	0
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Definition of the indicator: Internships include any sort of embedded training or on the job training.

During the month of March WfD team has initiated the process of dairy internship with Agricultural and Veterinary Faculty which will start by mid April and will include 10 interns who will be placed at the dairy processing companies (also working with farmers) and 10 interns will receive soft skills and technical skills training.

In this regard WfD component – provided services to public institution by developing all related documents for internship (application form, internship procedure and tips, and learning objective form).

#### **IR.1.3.4 (6) Improved Capacity of the Workforce to Engage in Employment Opportunities**

**Indicator: Number of partnerships**

Baseline data for CY 2008:	Taken as zero
Target for FY 2009:	15

Actual number to date in FY 2009:	0
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Definition of the indicator: Partnerships refer to any strategic affiliation between the training provider establishments and the business sector.

No activities were carried out during the quarter.

#### **Strategic Activities Fund**

**Indicator: Number of grants/sub-contracts**

Baseline data for CY 2008:	Taken as zero
Target for FY 2009:	20

Actual number to date in FY 2009:	2
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Definition of the indicator: Number of grants and subcontracts awarded.

During this quarter were awarded two subcontracts.

**Indicator: Value of grants and sub-contracts**

Baseline data for CY 2008:	Taken as zero
Target for FY 2009:	€400,000

Actual number to date in FY 2009:	€12,978
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Definition of the indicator: Value of grants and sub-grants and contracts awarded.

During this quarter were awarded two subcontracts. The value of these subcontracts was €12,978.



1.3.2	Improved and Demand Driven Business Support Services											
Indicator s												
1	Number of enterprises and associations providing business support services	Number	2008	11	20	11	30	0	35	0	40	0
2	Increase of sales among BSPs	Euros	2008	551,252	40,000	76,295	110,000	0	150,000	0	200,000	0
3	Increase in jobs created among USAID supported BSPs	Number	2008	49	8	4	18	0	31	0	36	0
4	Progress on the Association Development Index	Median score	2008	1.59	1.60	0.00	1.70	0.00	1.90	0.00	2.00	0.00
5	Number of consultants trained/certified to provide business support service	Number	2008	0	70	19	150	0	240	0	300	0
1.3.3	Improved Business Operating Conditions											
Indicator s												
1	Progress on the Business Environment Index (BizCLIR)											
1.1	Contracts	Percent	2008	18%	25%	0%	32%	0%	40%	0%	50%	0%
1.1.1	Supporting Institutions (B.3)	Percent	2008	10%	15%	0%	19%	0%	24%	0%	30%	0%
1.1.2	Social Dynamics (B.4)	Percent	2008	26%	35%	0%	44%	0%	55%	0%	69%	0%
1.2	International Trade	Percent	2008	34%	41%	0%	49%	0%	59%	0%	70%	0%
1.2.1	Legal Framework (H.1)	Percent	2008	41%	45%	0%	53%	0%	63%	0%	74%	0%
1.2.2	Implementing Institutions (H.2)	Percent	2008	27%	40%	0%	47%	0%	56%	0%	65%	0%
1.2.3	Supporting Institutions (H.3)	Percent	2008	35%	40%	0%	47%	0%	56%	0%	65%	0%
1.2.4	Social Dynamics (H.4)	Percent	2008	34%	40%	0%	50%	0%	62%	0%	76%	0%

1.3	Foreign direct investment, by sector	Percent	2008	40%	48%	0%	52%	0%	55%	0%	60%	0%
1.3.1	Legal Framework (K.1)	Percent	2008	43%	45%	0%	49%	0%	52%	0%	57%	0%
1.3.2	Implementing Institutions (K.2)	Percent	2008	36%	45%	0%	49%	0%	52%	0%	57%	0%
1.3.3	Supporting Institutions (K.3)	Percent	2008	54%	60%	0%	65%	0%	70%	0%	76%	0%
1.3.4	Social Dynamics (K.4)	Percent	2008	28%	40%	0%	43%	0%	47%	0%	50%	0%
2	Progress on the policy index	Percent	2008	0	70%	17%	TBD	0	TBD	0	TBD	0
1.3.4	Improved Capacity of the Workforce to Engage in Employment Opportunities											
Indicator s												
1	The number of individuals trained through USAID sponsored training	Number	2008	0	700	731	1,400	0	2,500	0	3,000	0
2	Number of training certifications	Number	2008	0	80	0	160	0	275	0	325	0
3	Number of program participants that obtain employment	Number	2008	0	TBD	0	20	0	100	0	150	0
4	Number of individuals provided with services	Number	2008	0	800	0	1,600	0	3,500	0	4,000	0
5	Number of internship programs	Number	2008	0	3	0	6	0	8	0	10	0
6	Number of partnerships	Number	2008	0	15	0	30	0	40	0	50	0
	Strategic Activities Fund											
Indicator s												
1	Number of grants/sub-contracts	Number	2008	0	20	2	45	0	70	0	90	0
2	Value of grants and sub-contracts	Euros	2008	0	400,000	12,978	1,600,000	0	2,600,000	0	2,900,000	0

## Annex 3. PMP Report - Summary of Quarterly Results

SO# IR#	SO Name	Unit measure	Base-line Year	Base-line Value	2009 Target	Q1 2009 Actual	Q2 2009 Actual	Q3 2009 Actual	Q4 2009 Actual	2009 To Date
1.3	<b>Accelerated Growth of Private Sector</b>									
Indicators										
1 (AR)	Exports as % of imports, by sector	Percent	2008	10.2%	11.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2	Foreign direct investment, by sector	Euros	2008	357,400,000	430,000,000	0	0	0	0	0
3	Value of sales, by sector	Euros	2008	TBD	TBD	0	0	0	0	0
4	Number of people employed, by sector	Number	2008	453,000	TBD	0	0	0	0	0
1.3.1	<b>Increased Competitiveness of Key Sectors</b>									
Indicators										
1	Increase in sales in target sectors	Euros	2008	71,604,715	8,000,000	0	-1,768,236	0	0	-1,768,236
	% increase in sales over current baseline	Percent	2008	0	11.2%	0.0%	-16.9%	0.0%	0.0%	-16.9%
2	Increase in investments in target sectors	Euros	2008	0	3,200,000	0	3,022,465	0	0	3,022,465
3 (AR)	Increase in jobs created in target sectors	Number	2008	1,327	800	0	-80	0	0	-80
4	Number of enterprises assisted in target sectors	Number	2008	36	61	0	36	0	0	36
5	Number of new start-ups in target sectors	Number	2008	0	7	0	0	0	0	0
6	Number of partnerships	Number	2008	0	10	0	2	0	0	2
7	Number of entrepreneurs receiving services supported by USAID	Number	2008	0	0	0	0	0	0	0

1.3.2	Improved and Demand Driven Business Support Services									
Indicators										
1	Number of enterprises and associations providing business support services	Number	2008	11	20	0	11	0	0	11
2	Value of sales among BSPs	Euros	2008	551,252	40,000	0	76,295	0	0	76,295
3	Increase in jobs created among USAID supported BSPs	Number	2008	49	8	0	4	0	0	4
4	Progress on the Association Development Index	Median Score	2008	1.59	1.60	0.00	0.00	0.00	0.00	0.00
5	Number of consultants trained/certified to provide business support service	Number	2008	0	70	0	19	0	0	19
1.3.3	3									
Indicators										
1	Progress on the Business Environment Index (BizCLIR)									
1.1	Contracts	Percent	2008	18%	25%	0	0	0	0	0
1.1.1	Supporting Institutions (B.3)	Percent	2008	10%	15%	0	0	0	0	0
1.1.2	Social Dynamics (B.4)	Percent	2008	26%	35%	0	0	0	0	0
1.2	International Trade	Percent	2008	34%	41%	0	0	0	0	0
1.2.1	Legal Framework (H.1)	Percent	2008	41%	45%	0	0	0	0	0
1.2.2	Implementing institutions (H.2)	Percent	2008	27%	40%	0	0	0	0	0
1.2.3	Supporting Institutions (H.3)	Percent	2008	35%	40%	0	0	0	0	0
1.2.4	Social Dynamics (H.4)	Percent	2008	34%	40%	0	0	0	0	0

1.3	Foreign direct investment, by sector	Percent	2008	40%	48%	0	0	0	0	0
1.3.1	Legal Framework (K.1)	Percent	2008	43%	45%	0	0	0	0	0
1.3.2	Implementing institutions (K.2)	Percent	2008	36%	45%	0	0	0	0	0
1.3.3	Supporting Institutions (K.3)	Percent	2008	54%	60%	0	0	0	0	0
1.3.4	Social Dynamics (K.4)	Percent	2008	28%	40%	0	0	0	0	0
2	Progress on the policy index	Percent	2008	0	70%	0	17%	0	0	17%
1.3.4	Improved Capacity of the Workforce to Engage in Employment Opportunities									
Indicators										
1	The number of individuals trained through USAID sponsored training	Number	2008	0	700	207	524	0	0	731
2	Number of training certifications	Number	2008	0	80	0	0	0	0	0
3	Number of program participants that obtain employment	Number	2008	0	TBD	0	0	0	0	0
4	Number of individuals provided with services	Number	2008	0	800	0	0	0	0	0
5	Number of internships	Number	2008	0	3	0	0	0	0	0
6	Number of partnerships	Number	2008	0	15	0	0	0	0	0
	Strategic Activities Fund									
Indicators										
1	Number of grants/sub-contracts	Number	2008	0	20	0	2	0	0	2
2	Value of grants and sub-contracts	Euros	2008	0	400,000	0	12,978	0	0	12,978



## Annex 4. Quarterly dashboard

Component/Sector	Objectives and activities from the work plan		STATUS
I. COMPONENT 1: INCREASED COMPETITIVENESS OF KEY SECTORS			
A. TRANSFORMATIONAL SECTORS			
1. SECTOR: AGRICULTURE			
1.1. SUB-SECTOR: DAIRY			
Objective 1: Improve raw milk quality			
	Activity 1: Dairy marketing strategy		COMPLETED
	Activity 2: Dairy internship program with the University of Pristina		ONGOING
Objective 2: Improve product quality, formulation, and processes			
	Activity 1: Technical assistance to Bylmeti to develop a yogurt product for ETC		ONGOING
	Activity 2: Dairy technology short course		ONGOING
Objective 3: Improve packaging			
	Activity 1: Develop a statement of work for a dairy/food packaging production investment feasibility study		ONGOING
Objective 4: Respond to requests from local clients to meet specific needs aimed at achieving significant and tangible results			
	Activity 1: Dairy product specifications development for Ministry of Agriculture, Forestry and Rural Development (MAFRD)		ONGOING
	Activity 2: Training in food safety		CANCELLED
1.2 SUB-SECTOR: VEGETABLES			
Objective 1: Penetrating regional markets for peppers and potatoes			
	Activity 1: Identify potential buyers of vegetables in Albania, Macedonia and Montenegro		ONGOING
	Activity 2: Assist the Perdrini Association to develop an MOU to be signed by members of the Association to commit to supply the volume and quality of peppers to be delivered to the Macedonia and Albania markets		COMPLETED

		Activity 3: Provide training to Perdrini Association agronomists to monitor peppers for quality control and yield	ONGOING
		Activity 4: Continue to identify new markets for peppers and potatoes	ONGOING
		Activity 5: Provide Hazard Analysis and Critical Control Points (HACCP) design assistance to Etlinger processing facility	ONGOING
		Activity 6: Conduct vegetable pre-harvest conference in early June	ONGOING
		<b>Objective 2: Develop vegetable infrastructure through collection centers</b>	
		Activity 1: Develop a business model and investment profile of collection centers	ONGOING
		Activity 2: Study tour of vegetable collection centers to Macedonia and Albania	ONGOING
		Activity 3: Promote vegetable collection centers as an investment opportunity	PLANNED
		<b>Objective 3: Improved vegetable varieties field trials</b>	
		Activity 1: Conduct pepper variety trials and field days	ONGOING
		Activity 2: Conduct white bean trials and field days	ONGOING
		<b>1.3. SUB-SECTOR: NON-WOOD FOREST PRODUCTS</b>	
		<b>Objective 1: Identify new markets for non-wood forest products (NWFP)</b>	
		Activity 1: develop a non-wood forest product inventory and action plan development for penetrating new markets	COMPLETED
		Activity 2: Study tours Bulgaria and Serbia	ONGOING
		Activity 3: Conduct a pre-harvest conference	ONGOING
		Activity 4: Develop a Good Agricultural Practices (GAP) manual and train collectors on its use	ONGOING
		Activity 5: Audit for HACCP and organic certification	ONGOING
		<b>2. SECTOR: CONSTRUCTION</b>	
		<b>2.1. SUB-SECTOR: ROAD CONSTRUCTION</b>	
		<b>Objective 1: Improve Local Road Design Capability</b>	
		Activity 1: Liaison with GOK on the need to specify investments according to international standards	ONGOING
		Activity 2: Road Design Training Needs Assessment	ONGOING
		<b>Objective 2: Upgrade the Skills of Construction Workers</b>	
		Activity 1: Needs assessment for heavy equipment operators training program	COMPLETED

		Activity 2: Heavy equipment operator survey	ONGOING
		Activity 3: Determine feasibility and support for Heavy Equipment Operator Training Center	ONGOING
		Activity 4: identify providers of training for construction workers, including laborers, heavy equipment operators, and crew supervisors	ONGOING
<b>2.2. SUB-SECTOR: CONSTRUCTION MATERIALS</b>			
<b>Objective 1: Improve Architectural Design and Engineering Services</b>			
		Activity 1: Consider changes to legislation necessary to regulate services provided by architects and engineers, and recommend improvements	ONGOING
		Activity 2: Prepare a training and certification SOW to improve design and engineering services and contract for STTAs services	ONGOING
		Activity 3: Agree on Training Center premises; prepare budget for the program	ONGOING
		Activity 4: Awareness building with local insurance firms and banks	ONGOING
<b>Objective 2: Develop Workforce Skills in the Improved Manufacture of Concrete</b>			
		Activity 1: Develop training programs for concrete plant operations, maintenance and supervisory personnel, and contract for his/her services	ONGOING
		Activity 2: Ensure EN standards for concrete are being incorporated in building specifications	ONGOING
		Activity 3: Develop training programs, engage trainers, and deliver training	PLANNED
<b>Objective 3: Demand driven activities not included in the Year 1 Workplan</b>			
		Activity 1: Sales	
		Activity 2: Import Substitution	
		Activity 3: Bank Loans	
		Activity 4: Steel Mesh Import Duties	
<b>3. SECTOR: FORESTRY AND WOOD PRODUCTS</b>			
<b>3.1. SUB-SECTOR: FORESTRY</b>			
<b>Objective 1: Improve Forestry Management Practices</b>			
		Activity 1: Provide support to the National Forestry Working Group and development of the national forestry strategy for FSC certification of forests	ONGOING
		Activity 2: Provide technical assistance and training to MAFRD and KFA in auditing forest management plans and compliance with FSC certification	ONGOING

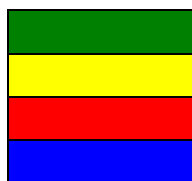
<b>Objective 2: Improve the forest tendering process for public land logging</b>		
	Activity 1: Design a pilot forest tendering process	ONGOING
	Activity 2: Develop a model long term timber agreement consistent with the new law on public/private partnerships	ONGOING
<b>Objective 3: Biomass study</b>		
<b>3.2. SUB-SECTORS: WOOD PRODUCTS</b>		
<b>Objective 1: Developing new markets and new driven products of international quality standards</b>		
	Activity 1: Improve management of drying kilns	IN PROGRESS
	Activity 2: Improve furniture design	IN PROGRESS
	Activity 3: Prepare for the Ligna Fair in coordination with GTZ	IN PROGRESS
	Activity 4: Identify potential market opportunities	COMPLETED
	Activity 5: Support the AWPk to conduct Natyra 2009 Fair, an exposition of Kosovo wood products	IN PROGRESS
<b>Objective 2: Improve capacity of the Association of Wood Processors in Kosovo (AWPK) to provide member services such as training and advocacy</b>		
	Activity 1: AWPk has worked with the Kosovo Standards Agency to adopt 46 EU wood industry standards	COMPLETED
	Activity 2: Kosovo Standards Agency with AWPk is in the process of establishing a wood industry standards committee	IN PROGRESS
	Activity 3: AWPk is preparing to present its members' products at the Tirana Wood Products Fair in September	IN PROGRESS
<b>B. TRANSACTIONAL SECTORS</b>		
<b>1. SECTOR: INFORMATION AND COMMUNICATION TECHNOLOGY</b>		
<b>Objective 1: Improve product development, marketing and sales capabilities, and market linkages for selected firms</b>		
	Activity 1: ICT Sales Boot Camp	ONGOING
	Activity 2: IBM's Signature Selling Method Workshop	UNDER REVIEW
	Activity 3: Kosovo-Macedonia B2B Event	UNDER REVIEW
	Activity 4: Kosovo-Albania B2B Event	UNDER REVIEW

		Activity 5: Attendance at Systems 2010	UNDER REVIEW
		Activity 6: Industry Solutions	IN PROGRESS
		Activity 7: Attendance to Call Center World Berlin	PLANNED
		Activity 8: Work with RCI on IT mark	UNDER REVIEW
		<b>Objective 2: Improve workforce skills in ICT sector</b>	
		Activity 1: ICT vendor certification	IN PROGRESS
		Activity 2: PMP certification	PLANNED
		<b>Objective 3: Strengthen ICT Association</b>	
		Activity 1: Supply-Demand Survey	
		Activity 2: Design and production of promotional materials for ICT Fair	COMPLETED
		Activity 3: Develop by-laws and procedures	ONGOING
		Activity 4: Support ECDL training and national operator's concept through the ICT Association	ONGOING
		<b>Objective 4: Improve legal and regulatory environment for ICT sector</b>	
		Activity 1: Develop Internet exchange point	PLANNED
		Activity 2: Support .ks domain name	PLANNED
		<b>2. SECTOR: TOURISM</b>	
		<b>Objective: Increase sector revenue through exports (tourist arrivals) including increased spending by the local international community, increased domestic sales (local tourists) and foreign or domestic investment into the sector</b>	
		Activity 1: Identify an institutional counterpart	COMPLETED
		Activity 2: "Stay the Weekend – Experience Kosovo" Travel Day Fair	ONGOING
		Activity 3: 'A Taste of Kosovo' Restaurant Tour & Tourism Promotion	ONGOING
		<b>3. SECTOR: RECYCLING</b>	
		<b>Objective: Develop a sustainable pilot project for PET recycling to demonstrate the financial and other benefits of recycling as well as to identify foreign direct investment (FDI) to improve conditions and long-term success of the sector</b>	
		Activity 1: Identify potential opportunities to increase recycling and generate public support	ONGOING
		Activity 2: Identify opportunities to collaborate and cooperate with other projects and other donors	ONGOING

		Activity 3: Develop and implement action plan	PLANNED
	<b>4. SECTOR: FABRICATED METALS AND AUTO PARTS</b>		
	<b>Objective: Provide targeted technical assistance and support services to producers of metal products and auto parts to maximize ROI</b>		
		Activity 1: Identify GTZ involvement in Fabricated Metals and look for opportunities to provide complimentary support	ONGOING
		Activity 2: Review of existing auto parts industry and potential to link to regional automobile manufactures	ON HOLD
	<b>5. SECTOR: DECORATIVE STONE</b>		
	<b>Objective: Better understand the potential and operating environment for the sector and be able to quickly move to support potential investment opportunities as needed</b>		
		Activity 1: Stay abreast of sector developments via media reports, local industry records, systematic contacts with quarry and stone/ceramic fabrication enterprises, and flash surveys	POSTPONED
		Activity 2: Pinpoint opportunities for FDI and keep abreast of investment activities	ONGOING
		Activity 3: Provide targeted support to facilitate specific identified investment opportunities	NONE
<b>II. COMPONENT 2: BUSINESS SUPPORT SERVICES</b>			
	<b>Objective 1: Build the capacity of Kosovo business services providers to better meet the consulting and support service needs of the Kosovo private sector, especially KPEP targeted sectors</b>		
		Activity 1: "Kosovo Premier Advisors" training for potential trainers and others - two pilots	ONGOING
		Activity 2: Implement/continue KPA based on feasibility study completed by participants in pilot training	
		Activity 3: Develop training skills training program for subject matter experts and freelance consultants in cooperation with local training company and pilot (offering to be continued by local firm)	
		Activity 4: Develop consulting skills training program for subject matter experts and solo consultants and conduct two pilots, lawyers and consultants	ONGOING
		Activity 5: Support management consultants in pursuit of international certification (CMC) in collaboration with TAM-BAS program	
		Activity 6: Implement and monitor KPEP partnering concept	

	<b>Objective 2: Enhance the ability of associations to advocate for, communicate to and market their associations and members</b>		
		Activity 1: Administer Association Development Index for the project baseline	COMPLETED
		Activity 2: Develop trade fair manual and participation training program that prepares companies to be visitors or exhibitors at international trade fairs and partner with local firms	ONGOING
	<b>Objective 3: Support sectors by identifying local service providers who meet their needs in terms of type and quality of services provided</b>		
		Activity 1: Support sectors in identifying local service providers	ONGOING
<b>III. COMPONENT 3: BUSINESS ENABLING ENVIRONMENT</b>			
	<b>Objective 1: Facilitate improvement in competitiveness indicators through targeted achievements in the Business Enabling Environment</b>		
		Activity 1: Update the 2007 Commercial Legal Institutional Reform (CLIR) Kosovo Indicators	COMPLETED
		Activity 2: Complete the first stage of contracting capacity building programming by drafting several contracting “briefers” as a part of materials for trade show participants	COMPLETED
		Activity 3: Public Private Partnership	ONGOING
		Activity 4: Implemented the initial stages of The Legal Consultant Training Program in collaboration with the KPEP BSS Component and ABA-CEELI	ONGOING
	<b>Objective 2: Assist key public and private entities to understand rights and obligations under existing bilateral and regional trade agreements, comply with the terms of such agreements, and be able to assert and defend rights and privileges created by the agreements</b>		
	<b>Objective 3: Increased Foreign Direct Investment</b>		
		Activity 1: Foreign Direct Investment Workshop	ONGOING
		Activity 2: Investment briefs prepared for high prospect local firms	ONGOING
		Activity 3: Identify and network with potential investors particularly from the diaspora community	ONGOING
		Activity 4: Support for potential investor from Wisconsin	ONGOING

IV. COMPONENT 4: WORKFORCE DEVELOPMENT			
	<b>Objective 1: Foster market-oriented education and training to prepare skilled workers</b>		
		Activity 1: Business and Economics Internship program pilot	ONGOING
		Activity 2: Business Case Challenge	ONGOING
	<b>Objective 2: Management, general business and Entrepreneurial training</b>		
		Activity 1: Entrepreneurship/Business Skills Training	ONGOING
	<b>Objective 3: Provide USAID-trainees with quality job counseling and placement services</b>		
		Activity 1: Feasibility Study for creation of YES Center Network	ONGOING



Progress toward achieving results satisfactory  
 Some issues, problems or concerns  
 Serious issues; achievement of results in doubt  
 Delayed, under review or dropped